
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended July 3, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

Commission File Number 000-17781

Gen Digital Inc.

(Exact name of the registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

77-0181864

(I.R.S. Employer Identification No.)

60 E. Rio Salado Parkway, Suite 1000, Tempe, Arizona

(Address of principal executive offices)

85281

(Zip code)

Registrant's telephone number, including area code:

(650) 527-8000

Former name or former address, if changed since last report:

Not applicable

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	GEN	The Nasdaq Stock Market LLC
Contingent Value Rights	GENVR	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of Gen common stock, \$0.01 par value per share, outstanding as of August 4, 2026 was 598,587,032 shares.

GEN DIGITAL INC.
FORM 10-Q
Quarterly Period Ended July 3, 2026
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“Gen,” “we,” “us,” “our,” and “the Company” refer to Gen Digital Inc. and all of its subsidiaries. Gen, Norton, Avast, LifeLock, MoneyLion, Avira, AVG, Reputation Defender, CCleaner and all related trademarks, service marks and trade names are trademarks or registered trademarks of Gen or other respective owners that have granted Gen the right to use such marks. Other names may be trademarks of their respective owners.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

GEN DIGITAL INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, in millions, except par value per share amounts)

	July 3, 2026	April 3, 2026
ASSETS		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 564	\$ 411
Accounts receivable, net	378	361
Other current assets	286	295
Assets held for sale	40	14
Total current assets	1,268	1,081
Property and equipment, net	70	71
Intangible assets, net	2,046	2,096
Goodwill	10,938	10,996
Deferred income tax assets	1,135	1,153
Other long-term assets	187	192
Total assets	\$ 15,644	\$ 15,589
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 96	\$ 96
Accrued compensation and benefits	75	115
Current portion of long-term debt	181	181
Contract liabilities	1,843	1,904
Other current liabilities	527	414
Total current liabilities	2,722	2,710
Long-term debt	7,975	8,015
Long-term contract liabilities	76	73
Deferred income tax liabilities	190	198
Long-term income taxes payable	1,614	1,588
Other long-term liabilities	411	394
Total liabilities	12,988	12,978
Commitments and contingencies (Note 15)		
Stockholders' equity (deficit):		
Common stock and additional paid-in capital, \$0.01 par value: 3,000 shares authorized; 599 and 598 shares issued and outstanding as of July 3, 2026 and April 3, 2026, respectively	2,354	2,341
Accumulated other comprehensive income (loss)	(7)	1
Retained earnings (accumulated deficit)	309	269
Total stockholders' equity (deficit)	2,656	2,611
Total liabilities and stockholders' equity (deficit)	\$ 15,644	\$ 15,589

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEN DIGITAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in millions, except per share amounts)

	Three Months Ended	
	July 3, 2026	July 4, 2025
Net revenues	\$ 1,336	\$ 1,257
Cost of revenues	307	267
Gross profit	1,029	990
Operating expenses:		
Sales and marketing	300	297
Research and development	118	109
General and administrative	80	74
Amortization of intangible assets	56	54
Restructuring and other costs	32	10
Total operating expenses	586	544
Operating income (loss)	443	446
Interest expense	(124)	(156)
Other income (expense), net	4	10
Income (loss) before income taxes	323	300
Income tax expense (benefit)	108	165
Net income (loss)	\$ 215	\$ 135
Net income (loss) per share - basic	\$ 0.36	\$ 0.22
Net income (loss) per share - diluted	\$ 0.36	\$ 0.22
Weighted-average shares outstanding:		
Basic	599	617
Diluted	603	624

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEN DIGITAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited, in millions)

	Three Months Ended	
	July 3, 2026	July 4, 2025
Net income (loss)	\$ 215	\$ 135
Other comprehensive income (loss), net of taxes:		
Foreign currency translation gain (loss)	(8)	59
Other comprehensive income (loss), net of taxes	(8)	59
Comprehensive income (loss)	<u>\$ 207</u>	<u>\$ 194</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEN DIGITAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(Unaudited, in millions, except share amounts)

Three months ended July 3, 2026	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance as of April 3, 2026	598	\$ 2,341	\$ 1	\$ 269	\$ 2,611
Net income (loss)	—	—	—	215	215
Other comprehensive income (loss), net of taxes	—	—	(8)	—	(8)
Common stock issued under employee stock incentive plans	7	—	—	—	—
Shares withheld for taxes related to vesting of stock units	(2)	(40)	—	—	(40)
Repurchases of common stock	(4)	—	—	(100)	(100)
Cash dividends declared (\$0.125 per share of common stock) and dividend equivalents accrued	—	(1)	—	(75)	(76)
Stock-based compensation	—	54	—	—	54
Balance as of July 3, 2026	599	\$ 2,354	\$ (7)	\$ 309	\$ 2,656

Three months ended July 4, 2025	Common Stock and Additional Paid-In Capital		Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance as of March 28, 2025	617	\$ 2,066	\$ (33)	\$ 236	\$ 2,269
Net income (loss)	—	—	—	135	135
Other comprehensive income (loss), net of taxes	—	—	59	—	59
Common stock issued under employee stock incentive plans	6	—	—	—	—
Shares withheld for taxes related to vesting of stock units	(2)	(44)	—	—	(44)
Repurchases of common stock ⁽¹⁾	(5)	—	—	(134)	(134)
Cash dividends declared (\$0.125 per share of common stock) and dividend equivalents accrued	—	(3)	—	(77)	(80)
Stock-based compensation	—	66	—	—	66
Fair value of replacement awards issued in connection with business acquisitions	—	21	—	—	21
Fair value of CVR issued in connection with business acquisitions	—	73	—	—	73
Balance as of July 4, 2025	616	\$ 2,179	\$ 26	\$ 160	\$ 2,365

(1) Amount includes excise tax on share repurchases.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEN DIGITAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended	
	July 3, 2026	July 4, 2025
OPERATING ACTIVITIES:		
Net income (loss)	\$ 215	\$ 135
Adjustments:		
Amortization and depreciation	123	123
Stock-based compensation expense	54	66
Loss on sale of Instacash Advances	60	36
Deferred income taxes	(9)	11
Loss on sale of property	—	1
Non-cash operating lease expense	4	4
Foreign currency remeasurement loss (gain)	(1)	86
Other	9	10
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(13)	10
Accounts payable	1	(48)
Accrued compensation and benefits	(39)	(21)
Contract liabilities	(56)	(69)
Income taxes payable	75	61
Instacash Advances held for sale, net	(86)	(47)
Other assets	(3)	58
Other liabilities	100	(7)
Net cash provided by (used in) operating activities	434	409
INVESTING ACTIVITIES:		
Purchases of property and equipment	(4)	(4)
Payments for acquisitions, net of cash acquired	—	(876)
Payments for originations of notes receivable	(85)	—
Proceeds from principal repayments of notes receivable	77	—
Proceeds from the sale of property	—	9
Other	(3)	(2)
Net cash provided by (used in) investing activities	(15)	(873)
FINANCING ACTIVITIES:		
Repayments of debt	(45)	(191)
Proceeds from issuance of debt, net of issuance costs ⁽¹⁾	—	741
Tax payments related to vesting of stock units	(41)	(44)
Dividends and dividend equivalents paid	(81)	(82)
Repurchases of common stock	(100)	(134)
Net cash provided by (used in) financing activities	(267)	290
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	1	(4)
Change in cash, cash equivalents and restricted cash	153	(178)
Beginning cash, cash equivalents and restricted cash	411	1,006
Ending cash, cash equivalents and restricted cash	\$ 564	\$ 828

(1) Issuance costs paid for issuance of debt for three months ended July 4, 2025 were \$9 million.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GEN DIGITAL INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)****Note 1. Description of Business and Significant Accounting Policies****Business**

Gen Digital Inc. is a global leader in consumer Cyber Safety and Trust-Based Solutions, empowering people around the world to live safer digital lives while building confidence and control over their financial futures. Through its trusted brands, including Norton, Avast, LifeLock and MoneyLion, Gen offers cybersecurity, online privacy, identity protection and financial wellness solutions to consumers worldwide.

Basis of presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) for interim financial information. In the opinion of management, the unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting only of normal recurring items, except as otherwise noted, necessary for the fair presentation of our financial position, results of operations and cash flows for the interim periods. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended April 3, 2026. The results of operations for the three months ended July 3, 2026 are not necessarily indicative of the results expected for the entire fiscal year.

Fiscal calendar

We have a 52/53-week fiscal year ending on the Friday closest to March 31. Unless otherwise stated, references to three month periods in this report relate to fiscal periods ended July 3, 2026 and July 4, 2025. The three months ended July 3, 2026 consisted of 13 weeks, whereas the three months ended July 4, 2025 consisted of 14 weeks. Our 2027 fiscal year consists of 52 weeks and ends on April 2, 2027.

Use of estimates

The preparation of Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported and disclosed in the Condensed Consolidated Financial Statements and accompanying Notes. Such estimates include, but are not limited to, valuation of business combinations including acquired intangible assets and goodwill, loss contingencies, provision for credit losses, valuation of our contingent value rights (CVRs), the recognition and measurement of current and deferred income taxes, including assessment of unrecognized tax benefits, and valuation of assets and liabilities. On an ongoing basis, management determines these estimates and assumptions based on historical experience and on various other assumptions that are believed to be reasonable. Third-party valuation specialists are also utilized for certain estimates. Actual results could differ from such estimates and assumptions due to risks and uncertainties, including uncertainty in the current economic environment as a result of macroeconomic factors such as inflation, fluctuations in foreign currency exchange rates relative to the U.S. dollar, our reporting currency, changes in interest rates, ongoing and new geopolitical conflicts, and such differences may be material to the Condensed Consolidated Financial Statements.

Significant accounting policies

There have been no material changes to our significant accounting policies as of and for the three months ended July 3, 2026, as compared to the significant accounting policies described in our Annual Report on Form 10-K for the fiscal year ended April 3, 2026.

Note 2. Sale of Instacash Advances

Our Instacash Advance product overview and accounting policy for Instacash Advances, including our conclusion that financial asset accounting is appropriate and our application of sale accounting under ASC 860, *Transfers and Servicing*, upon sale of Instacash Advances, is unchanged from, and described in, Note 2, Sale of Instacash Advances, of our Annual Report on Form 10-K for the fiscal year ended April 3, 2026.

Instacash Advances are sold pursuant to a Master Receivables Purchase Agreement, as amended (the Purchase Agreement), with Sound Point Capital Management LP (Sound Point). During the first quarter of fiscal 2027, we entered into an amendment to the Purchase Agreement that increased the aggregate facility limit from \$225 million to \$300 million, provided for an increase in the aggregate facility limit upon notice to and at the sole discretion of Sound Point of up to \$100 million, and extended the scheduled termination date from June 30, 2026 to July 30, 2028, unless earlier terminated in accordance with its terms. The Purchase Agreement allows the purchasers to acquire, on a committed basis and subject to certain conditions and concentration limits, a majority of our eligible Instacash Advances, up to the aggregate facility limit at any given time and, upon notice to Sound Point, we may request such ratable increase in unused commitments.

Optional Turbo Fees and Tips associated with Instacash Advances are excluded from the sale and are not transferred under the Purchase Agreement.

During the three months ended July 3, 2026 and July 4, 2025, we sold \$1,193 million and \$823 million, respectively, of Instacash Advances under the Purchase Agreement and had \$37 million of unused capacity as of July 3, 2026. During the three months ended July 3, 2026 and July 4, 2025, we recognized \$60 million and \$36 million, respectively, in loss on the mark-to-market and sale of Instacash Advances, which is recorded in sales and marketing in our Condensed Consolidated Statements of Operations.

As of July 3, 2026, we were responsible for servicing \$369 million of Instacash Advances sold under the Purchase Agreement. For the three months ended July 3, 2026 and July 4, 2025, we recognized \$17 million and \$12 million, respectively, in servicing income, recorded in Net revenues in our Condensed Consolidated Statements of Operations. As of July 3, 2026, we have a \$77 million payable to Sound Point relating to the servicing activity, which will be settled using restricted cash and receivables from payment processors recorded in Other current assets.

Refer to Note 6 for a breakdown of our Instacash Advances balance included in accounts receivable, net, in our Condensed Consolidated Balance Sheets. These Instacash Advances are not eligible to be sold under the Purchase Agreement, and we have no intent to sell.

Note 3. Business Combinations

Fiscal 2026 MoneyLion acquisition

On December 10, 2024, we entered into a definitive agreement to acquire MoneyLion and we completed the acquisition on April 17, 2025 for total consideration of approximately \$951 million, net of cash acquired. The consideration paid included cash and the fair value of assumed and converted equity awards and contingent value rights (CVRs). We accounted for the MoneyLion acquisition as a business combination and finalized our purchase price accounting during the fourth quarter of fiscal 2026. Refer to our Annual Report on Form 10-K for the fiscal year ended April 3, 2026 for additional information related to the MoneyLion acquisition, including the form of consideration paid and the allocation of purchase price.

Unaudited pro forma information

The following unaudited pro forma financial information represents the combined historical results for the three months ended July 4, 2025, as if the acquisition had been completed on March 30, 2024, the first day of fiscal 2025. The results below include the alignment of fiscal reporting periods and the impact of nonrecurring pro forma adjustments, including amortization of acquired intangible assets, interest on debt issued to finance the acquisition, stock-based compensation related to awards issued in conjunction with the acquisition, acquisition-related transaction costs, accounting policy alignment and the income tax effect of other pro forma adjustments. The unaudited pro forma results do not include any anticipated synergies or other expected benefits of the acquisition. The following table summarizes the unaudited pro forma financial information:

(In millions)	Three Months Ended	
	July 4, 2025	
Net revenues	\$	1,289
Net income (loss)	\$	141

The unaudited pro forma financial information is provided for informational purposes only and is not indicative of future operations or results that would have been achieved had the acquisition been completed as of the beginning of fiscal 2025.

Fiscal 2026 acquisition

On March 10, 2026, we acquired all of the outstanding shares of a technology-enabled company that provides a digital personal insurance marketplace platform in the United States for a total purchase consideration of \$175 million, net of \$6 million cash acquired. The platform delivers insurance comparison and advisory services using data-driven matching capabilities, real-time bidding technology, and conversational interfaces supported by licensed insurance advisors. The acquisition brings additional insurance capabilities into the Engine marketplace.

The following table represents our preliminary aggregate purchase price allocation to total identifiable intangible assets acquired and net assets assumed based on their estimated fair values as of March 10, 2026:

(In millions, except for useful lives)	Amount	Weighted-Average Estimated Useful Life (Years)
Developed technology	\$ 26	5
Customer relationships	20	9
Strategic partnerships	19	4
Trade names	3	3
Total identified intangible assets	68	
Net liabilities assumed	(7)	
Goodwill ⁽¹⁾	120	
Total aggregate purchase price	<u>\$ 181</u>	

(1) Non-deductible for tax purposes.

The allocation of the purchase price is based upon a preliminary valuation, and as additional information becomes available, our estimates and assumptions may be subject to refinement within the measurement period, which may be up to one year from the acquisition date. Adjustments to the purchase price may require adjustments to goodwill prospectively. Goodwill is allocated to our Trust-Based Solutions segment.

During the first quarter of fiscal 2027, we recorded measurement period adjustments resulting in a decrease to goodwill of \$51 million, net of tax, primarily related to the preliminary valuation of identifiable intangible assets acquired, which resulted in the recognition of \$68 million of identifiable intangible assets, consisting of developed technology, customer relationships, strategic partnerships and trade names, and a \$17 million deferred tax liability associated with these assets.

Pro forma financial information has not been presented for this acquisition as the impact to our Condensed Consolidated Financial Statements was not material.

Note 4. Revenues

Disaggregation of revenues

The following table summarizes the components of our net revenues:

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Subscription and service revenue ⁽¹⁾	\$ 1,331	\$ 1,253
Net interest income on notes receivable	5	4
Net revenues	<u>\$ 1,336</u>	<u>\$ 1,257</u>

(1) Subscription and service revenue includes amounts related to our Instacash Advances of \$147 million and \$97 million, during the three months ended July 3, 2026 and July 4, 2025, respectively. Refer to Note 2 for additional information regarding our Instacash Advances.

Contract liabilities

During the three months ended July 3, 2026, we recognized \$765 million from the contract liabilities balances as of April 3, 2026. During the three months ended July 4, 2025, we recognized \$800 million from the contract liabilities balances as of March 28, 2025.

Remaining performance obligations

Remaining performance obligations represent contracted revenue that has not been recognized, which include contract liabilities and, when applicable, amounts that will be billed and recognized as revenue in future periods. As of July 3, 2026, we had \$1,325 million of remaining performance obligations, excluding customer deposit liabilities of \$594 million, of which we expect to recognize approximately 94% as revenue over the next 12 months.

See Note 14 for tabular disclosures of disaggregated revenue by reportable segment and geographic region.

Note 5. Goodwill and Intangible Assets

Goodwill

The changes in the carrying amount of goodwill by segment are as follows:

(In millions)	Cyber Safety Platform	Trust-Based Solutions	Total
Balance as of April 3, 2026	\$ 7,391	\$ 3,605	\$ 10,996
Purchase accounting adjustment	—	(51)	(51)
Translation adjustments	(5)	(2)	(7)
Balance as of July 3, 2026	<u>\$ 7,386</u>	<u>\$ 3,552</u>	<u>\$ 10,938</u>

Intangible assets, net

The following table summarizes the components of our intangible assets, net:

(In millions)	July 3, 2026			April 3, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 1,259	\$ (671)	\$ 588	\$ 1,220	\$ (620)	\$ 600
Developed technology	1,476	(885)	591	1,450	(825)	625
Other	182	(54)	128	179	(47)	132
Total finite-lived intangible assets	2,917	(1,610)	1,307	2,849	(1,492)	1,357
Indefinite-lived trade names	739	—	739	739	—	739
Total intangible assets	<u>\$ 3,656</u>	<u>\$ (1,610)</u>	<u>\$ 2,046</u>	<u>\$ 3,588</u>	<u>\$ (1,492)</u>	<u>\$ 2,096</u>

Amortization expense for purchased intangible assets is summarized below:

(In millions)	Three Months Ended		Condensed Consolidated Statements of Operations Classification
	July 3, 2026	July 4, 2025	
Customer relationships and other	\$ 56	\$ 54	Operating expenses
Developed technology and other	63	65	Cost of revenues
Total	<u>\$ 119</u>	<u>\$ 119</u>	

As of July 3, 2026, future amortization expense related to intangible assets that have finite lives is as follows by fiscal year:

(In millions)	
Remainder of 2027	\$ 355
2028	469
2029	294
2030	122
2031	23
Thereafter	44
Total	<u>\$ 1,307</u>

Note 6. Supplementary Information
Cash, cash equivalents and restricted cash:

(In millions)	July 3, 2026	April 3, 2026
Cash	\$ 384	\$ 283
Cash equivalents	149	119
Restricted cash	31	9
Total cash, cash equivalents and restricted cash	<u>\$ 564</u>	<u>\$ 411</u>

Accounts receivable, net:

(In millions)	July 3, 2026	April 3, 2026
Trade receivable	\$ 235	\$ 225
Notes receivable	143	135
Instacash Advances	11	10
Allowance for doubtful accounts	(11)	(9)
Total accounts receivable, net	<u>\$ 378</u>	<u>\$ 361</u>

Assets held for sale:

(In millions)	July 3, 2026	April 3, 2026
Instacash Advances held for sale	\$ 40	\$ 14
Total assets held for sale	<u>\$ 40</u>	<u>\$ 14</u>

Instacash Advances held for sale

Instacash Advances held for sale as of July 3, 2026 and April 3, 2026, represent Instacash Advances that we originated and are pending sale under the Purchase Agreement. Refer to Note 2 for additional information regarding the sale of our Instacash Advances.

Short-term contract liabilities:

(In millions)	July 3, 2026	April 3, 2026
Deferred revenue	\$ 1,249	\$ 1,247
Customer deposit liabilities	594	657
Total short-term contract liabilities	<u>\$ 1,843</u>	<u>\$ 1,904</u>

Other current liabilities:

(In millions)	July 3, 2026	April 3, 2026
Income taxes payable	\$ 83	\$ 47
Other taxes payable	121	131
Accrued legal fees	29	30
Accrued royalties	76	78
Accrued interest	45	6
Unremitted collections from servicing of Instacash Advances	77	32
Current operating lease liabilities	20	19
Other accrued liabilities	76	71
Total other current liabilities	<u>\$ 527</u>	<u>\$ 414</u>

Supplemental cash flow information:

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Income taxes paid (received), net of refunds	\$ 37	\$ (6)
Interest expense paid	\$ 79	\$ 183
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 6	\$ 6
Originations of certain Instacash Advances held for sale	\$ (1,193)	\$ (835)
Proceeds from the sale of certain Instacash Advances	\$ 1,107	\$ 788
Non-cash operating activities:		
Operating lease assets obtained in exchange for operating lease liabilities	\$ —	\$ 17
Reduction (increase) of operating lease assets as a result of lease terminations and modifications	\$ —	\$ (4)
Non-cash investing and financing activities:		
Purchases of property and equipment in current liabilities	\$ —	\$ 3

Note 7. Financial Instruments and Fair Value Measurements

For financial instruments measured at fair value, fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider assumptions that market participants would use when pricing the asset or liability.

The three levels of inputs that may be used to measure fair value are:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in less active markets or model-derived valuations. All significant inputs used in our valuations, such as discounted cash flows, are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities. We monitor and review the inputs and results of these valuation models to help ensure the fair value measurements are reasonable and consistent with market experience in similar asset classes.

Assets measured and recorded at fair value on a recurring basis

The following table summarizes our financial instruments measured at fair value on a recurring basis:

(In millions)	July 3, 2026			April 3, 2026		
	Fair Value	Level 1	Level 2	Fair Value	Level 1	Level 2
Assets:						
Money market funds	\$ 149	\$ 149	\$ —	\$ 97	\$ 97	\$ —
Time deposits	—	—	—	22	—	22
Total assets	<u>\$ 149</u>	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ 119</u>	<u>\$ 97</u>	<u>\$ 22</u>

Financial instruments not recorded at fair value on a recurring basis include our non-marketable equity investments and long-term debt.

Non-marketable equity investments

As of July 3, 2026 and April 3, 2026, the carrying value of our non-marketable equity investments was \$16 million, and is included in Other long-term assets in our Condensed Consolidated Balance Sheets.

Current and long-term debt

As of July 3, 2026 and April 3, 2026, the total fair value of our current and long-term fixed-rate debt was \$2,454 million and \$2,443 million, respectively. The fair value of our variable-rate debts approximated their carrying value. The fair values of all our debt obligations were based on Level 2 inputs.

Note 8. Debt

The following table summarizes components of our debt:

(In millions, except percentages)	July 3, 2026	April 3, 2026	Effective Interest Rate
6.75% Senior Notes due September 30, 2027	\$ 900	\$ 900	6.75 %
Term B Facility due September 12, 2029	2,331	2,340	SOFR + %
7.125% Senior Notes due September 30, 2030	600	600	7.13 %
Extended Term A Facility due March 27, 2031	2,707	2,741	SOFR + %
Incremental Term B Facility due April 16, 2032	742	744	SOFR + %
6.25% Senior Notes due April 1, 2033	950	950	6.25 %
Total principal amount	8,230	8,275	
Less: unamortized discount and issuance costs	(74)	(79)	
Total debt	8,156	8,196	
Less: current portion	(181)	(181)	
Total long-term debt	<u>\$ 7,975</u>	<u>\$ 8,015</u>	

As of July 3, 2026, the future contractual maturities of debt by fiscal year, based on the currently effective stated maturity dates in force and excluding the impact of any earlier maturity that could result from a springing maturity date, are as follows:

(In millions)	
Remainder of 2027	\$ 136
2028	1,081
2029	181
2030	2,374
2031	2,799
Thereafter	1,659
Total future maturities of debt	<u>\$ 8,230</u>

Debt covenant compliance

The Amended Credit Agreement, which includes our Term Loans and Revolving Facility, contains customary representations and warranties, affirmative and negative covenants. The Revolving Facility and Extended Term A Facility are subject to a covenant that we maintain a consolidated leverage ratio less than or equal to 5.25 to 1.0; provided that such maximum consolidated leverage ratio will increase to 5.75 to 1.0 for the four fiscal quarters ending immediately after we acquire property, business or assets in an aggregate amount greater than \$250 million.

In addition, the Amended Credit Agreement contains customary events of default under which our payment obligations may be accelerated, including, among others, non-payment of principal, interest or other amounts when due, inaccuracy of representations and warranties, violation of certain covenants, payment and acceleration cross defaults with certain other indebtedness, certain undischarged judgments, bankruptcy, insolvency or inability to pay debts, change of control, the occurrence of certain events related to the Employee Retirement Income Security Act of 1974 (ERISA), and a change of control event.

The Extended Term A Facility and the Revolving Facility (contractually maturing on March 27, 2031) are subject to a "springing maturity" provision. Under this provision, the maturity dates of these facilities will be accelerated if we do not maintain a minimum liquidity threshold ahead of our other upcoming debt maturities. The Springing Maturity Dates are July 1, 2027, June 13, 2029 and July 1, 2030, which are 91 days before the stated maturity of the 6.75% Senior Notes (due 2027), the Term B Facility and the 7.125% Senior Notes (due 2030), respectively.

As of July 3, 2026, we were in compliance with all financial debt covenants and satisfied the applicable minimum liquidity threshold under the springing maturity provision.

Note 9. Restructuring and Other Costs

Our restructuring and other costs consist primarily of severance and termination benefits, contract cancellation charges, asset write-offs and impairments and other exit and disposal costs. Severance costs generally include severance payments, outplacement services, health insurance coverage and legal costs. Contract cancellation charges primarily include penalties for early termination of contracts and write-offs of related prepaid assets. Other exit and disposal costs include costs to exit and consolidate facilities in connection with restructuring events.

Fiscal 2027 Plan

During the first quarter of fiscal 2027, our Board of Directors approved a restructuring plan (the Fiscal 2027 Plan) to improve efficiency and align the operations with our strategic priorities. Actions under this plan include the reduction of our workforce, contract terminations, facilities consolidation, and other restructuring costs. Implementation is expected to be completed toward

the end of fiscal 2027. The total estimated cost of the plan is approximately \$50 million, of which \$32 million has been incurred to date under the Fiscal 2027 Plan. As of July 3, 2026, we had a restructuring liability of \$15 million related to the Fiscal 2027 Plan.

Restructuring summary

Roll forwards of our activities and liability balances related to our Fiscal 2027 Plan are presented in the tables below:

(in millions)	Liability Balance as of April 3, 2026	Costs, Net of Adjustments	Cash Payments	Non-Cash Items	Liability Balance as of July 3, 2026
Severance and termination benefit costs	\$ —	\$ 28	\$ (13)	\$ —	\$ 15
Stock-based compensation charges	—	4	—	(4)	—
Total	\$ —	\$ 32	\$ (13)	\$ (4)	\$ 15

The restructuring liabilities are included in Other current liabilities in our Condensed Consolidated Balance Sheets.

Restructuring and other costs summary

Our restructuring and other costs related to the Fiscal 2027 Plan are presented in the table below:

(In millions)	Three Months Ended July 3, 2026
Severance and termination benefit costs	\$ 28
Stock-based compensation charges	4
Total restructuring and other costs	\$ 32

Occasionally, we incur costs related to past restructuring plans. Charges incurred during the three months ended July 3, 2026, and the related liability balances as of July 3, 2026, were immaterial.

Note 10. Income Taxes

The following table summarizes our effective tax rate for the periods presented:

(In millions, except percentages)	Three Months Ended	
	July 3, 2026	July 4, 2025
Income (loss) before income taxes	\$ 323	\$ 300
Income tax expense (benefit)	\$ 108	\$ 165
Effective tax rate	33 %	55 %

Our effective tax rate for the three months ended July 3, 2026 and July 4, 2025, differs from the federal statutory income tax rate primarily due to state taxes, changes in unrecognized tax benefits and related interest and penalties, foreign exchange impacts, stock-based compensation, and the U.S. taxation on foreign earnings. The effective tax rate decreased primarily due to foreign currency movements on the remeasurement of unrecognized tax benefits and deferred tax liabilities on intangible assets.

Note 11. Stockholders' Equity

Dividends

On August 6, 2026, we announced that our Board of Directors declared a cash dividend of \$0.125 per share of common stock to be paid in September 2026. All shares of common stock issued and outstanding and all RSUs and performance-based restricted stock units (PRUs) as of the record date will be entitled to the dividend and dividend equivalent rights (DERs), respectively, which will be paid out if and when the underlying shares are released. However, the 4 million assumed RSUs under the MoneyLion Inc. Amended and Restated Omnibus Incentive Plan (the MoneyLion Plan) will not be entitled to DERs. See our Annual Report on Form 10-K for the fiscal year ended April 3, 2026 for further information about these equity awards. Any future dividends and DERs will be subject to the approval of our Board of Directors.

Stock repurchase program

Under our stock repurchase program, we may purchase shares of our outstanding common stock on the open market and through accelerated stock repurchase transactions. As of July 3, 2026, we had \$1,994 million remaining under the authorization to be completed in future periods.

The following table summarizes activity related to our stock repurchase program during the three months ended July 3, 2026 and July 4, 2025:

(In millions, except per share amounts)	Three Months Ended	
	July 3, 2026	July 4, 2025
Number of shares repurchased	4	5
Average price per share	\$ 25.61	\$ 27.86
Aggregate purchase price	\$ 100	\$ 134

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss), net of taxes, consisted of foreign currency translation adjustments:

(In millions)	Foreign Currency Translation Adjustments
Balance as of April 3, 2026	\$ 1
Other comprehensive income (loss), net of taxes	(8)
Balance as of July 3, 2026	<u><u>\$ (7)</u></u>

Note 12. Stock-Based Compensation

The following table sets forth the stock-based compensation expense recognized for our equity incentive plans:

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Cost of revenues	\$ 1	\$ 2
Sales and marketing	16	24
Research and development	12	14
General and administrative	21	26
Restructuring and other costs	4	—
Total stock-based compensation expense	<u>\$ 54</u>	<u>\$ 66</u>
Income tax benefit for stock-based compensation expense	<u>\$ (7)</u>	<u>\$ (9)</u>

As of July 3, 2026, the total unrecognized stock-based compensation expense related to our unvested stock-based awards was \$524 million, which will be recognized over an estimated weighted-average amortization period of 2.55 years.

Note 13. Net Income (Loss) Per Share

Basic income per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted net income per share also includes the incremental effect of dilutive potentially issuable common shares outstanding. Dilutive potentially issuable common shares include the dilutive effect of employee equity awards.

In connection with the acquisition of MoneyLion, we issued 12 million equity-classified CVRs to MoneyLion shareholders and optionholders. The CVRs entitle holders to receive a contingent payment of \$23.00 per CVR, payable in shares of Gen's common stock, if our volume-weighted average share price equals or exceeds \$37.50 over any 30 consecutive trading days from December 10, 2024 until April 17, 2027. As of July 3, 2026 and April 3, 2026, there were 12 million CVRs outstanding. The 12 million CVRs are excluded from the diluted net income per share calculation as the contingent conditions for issuance of common shares have not yet been met within the period.

The components of basic and diluted net income (loss) per share are as follows:

(In millions, except per share amounts)	Three Months Ended	
	July 3, 2026	July 4, 2025
Net income (loss)	\$ 215	\$ 135
Net income (loss) per share - basic	\$ 0.36	\$ 0.22
Net income (loss) per share - diluted	\$ 0.36	\$ 0.22
Weighted-average shares outstanding - basic	599	617
Dilutive potentially issuable shares:		
Employee equity awards	4	7
Weighted-average shares outstanding - diluted	603	624
Anti-dilutive shares excluded from diluted net income per share calculation:		
Employee equity awards	12	3

Note 14. Segment and Geographic Information

Our Chief Operating Decision Maker (CODM) is our Chief Executive Officer, who manages and reviews financial information presented on an operating segment basis for the purpose of making decisions and assessing financial performance. The CODM assesses operating performance of each segment based on regularly provided segment revenue, segment operating income (loss) and margin, by comparing actual margin results to historical results and previously forecasted financial information. Operating results by segment include costs or expenses directly attributable to each segment, and costs or expenses that are leveraged across our portfolio and therefore allocated between our two segments. Our CODM reviews expenses on a consolidated basis and the expenses associated with our corporate investments.

Cyber Safety Platform includes our security, comprehensive suites, and privacy products, which deliver technology solutions and superior threat protection to help people navigate the digital world, securely, privately and with confidence. Trust-Based Solutions includes our identity, personal financial management, and financial marketplace products, which provide innovative solutions and insights that empower consumers to manage their identity, reputation and finances confidently.

The "Corporate" category includes expenses that are not allocated to either Cyber Safety Platform or Trust-Based Solutions for purposes of making operating decisions or assessing segment-level financial performance. The expenses include restructuring and other costs, acquisition and integration costs, litigation settlement charges, and amortization of intangible assets. Our operating segments are not evaluated using asset information. There are no intersegment transactions. The accounting policies for segment reporting are the same as for our consolidated financial statements.

The following table presents details of our reportable segments and the "Corporate" category:

(in millions)	Cyber Safety Platform	Trust-Based Solutions	Corporate	Consolidated
Three Months Ended July 3, 2026				
Net Revenues	\$ 846	\$ 490	\$ —	\$ 1,336
Other segment items ⁽¹⁾	327	341	—	668
Operating income (loss)	\$ 519	\$ 149	\$ (225)	\$ 443
Three Months Ended July 4, 2025				
Net Revenues	\$ 869	\$ 388	\$ —	\$ 1,257
Other segment items ⁽¹⁾	339	268	—	607
Operating income (loss)	\$ 530	\$ 120	\$ (204)	\$ 446

- (1) Other segment items for our Cyber Safety Platform and Trust-Based Solutions include product costs, infrastructure and facilities expense, and compensation and benefits excluding stock-based compensation and expenses identified in "Corporate".

The table below presents the reconciling items included in "Corporate" category:

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Amortization of intangible assets	\$ 119	\$ 119
Stock-based compensation	54	66
Unallocated cost of revenue and operating expenses	52	19
Total	\$ 225	\$ 204

Geographic information

Net revenues by geography are based on the billing addresses of our customers. The following table represents net revenues by geographic area for the periods presented:

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Americas	\$ 961	\$ 879
EMEA	274	268
APJ	101	110
Total net revenues	<u>\$ 1,336</u>	<u>\$ 1,257</u>

Note: The Americas include U.S., Canada and Latin America; EMEA includes Europe, Middle East and Africa; APJ includes Asia Pacific and Japan.

Revenues from customers inside the U.S. were \$907 million and \$819 million during the three months ended July 3, 2026 and July 4, 2025, respectively. No other individual country accounted for more than 10% of revenues.

The table below represents cash, cash equivalents and restricted cash held in the U.S. and internationally in various foreign subsidiaries:

(In millions)	July 3, 2026	April 3, 2026
U.S.	\$ 258	\$ 122
International	306	289
Total cash, cash equivalents and restricted cash	<u>\$ 564</u>	<u>\$ 411</u>

The table below represents our property and equipment, net of accumulated depreciation and amortization, by geographic area, based on the physical location of the asset, at the end of each period presented:

(In millions)	July 3, 2026	April 3, 2026
U.S.	\$ 57	\$ 59
Other countries ⁽¹⁾	13	12
Total property and equipment, net	<u>\$ 70</u>	<u>\$ 71</u>

(1) No individual country represented more than 10% of the respective totals.

Significant customers and e-commerce partners

No individual end-user customer accounted for 10% or more of our net revenues during the three months ended July 3, 2026 and July 4, 2025.

No individual e-commerce partner accounted for 10% or more of our total billed and unbilled accounts receivable, prior to allowance of doubtful accounts, as of July 3, 2026 and April 3, 2026.

Note 15. Commitments and Contingencies

Indemnifications

In the ordinary course of business, we may provide indemnifications of varying scope and terms to customers, vendors, lessors, business partners, subsidiaries and other parties with respect to certain matters, including, but not limited to, product warranties and losses arising out of our breach of agreements or representations and warranties made by us, including claims alleging that our software infringes on the intellectual property rights of a third party. In addition, our bylaws contain indemnification obligations to our directors, officers, employees, and agents, and we have entered into indemnification agreements with our directors and certain of our officers to give such directors and officers additional contractual assurances regarding the scope of the indemnification set forth in our bylaws and to provide additional procedural protections. We maintain director and officer insurance, which may cover certain liabilities arising from our obligation to indemnify our directors and officers. It is not possible to determine the aggregate maximum potential loss under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Such indemnification agreements might not be subject to maximum loss clauses. We monitor the conditions that are subject to indemnification to identify if a loss has occurred. Historically, we have not incurred material costs as a result of obligations under these agreements, and we have not accrued any material liabilities related to such indemnification obligations in our Condensed Consolidated Financial Statements.

Litigation contingencies

From time to time, we are involved in legal proceedings, including, but not limited to, regulatory proceedings, claims, mediations, arbitrations and litigation, incidental to our business. We evaluate contingent liabilities including threatened or pending litigation in accordance with the authoritative guidance on contingencies. We assess the likelihood of any adverse judgments or outcomes from potential claims or proceedings for accrual or disclosure in our Condensed Consolidated Financial

Statements. A determination of the amount of an accrual required, if any, for these contingencies is made after the analysis of each separate matter. Because of uncertainties related to these matters, we base our estimates on the information available at the time of our assessment. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates and disclosures. We classify our accruals for litigation contingencies in our Condensed Consolidated Balance Sheets as part of Other current liabilities or Other long-term liabilities based on when we expect to pay the claim, if at all. If the period of expected payment is within one year, we classify the amount as short-term; otherwise, it is classified as long-term. The exact timing of payment is subject to uncertainty and could change significantly from our estimated payment period.

Trustees of Columbia University in the City of New York v. NortonLifeLock

As previously disclosed, on May 2, 2022, a jury returned its verdict in a patent infringement case filed in 2013 by the Trustees of Columbia University in the City of New York (Columbia) in the U.S. District Court for the Eastern District of Virginia.

The jury found that our Norton Security products and Symantec Endpoint Protection products (the latter of which were sold by us to Broadcom as part of an Asset Purchase Agreement dated November 4, 2019) willfully infringed two patents through the use of SONAR/BASH behavioral protection technology. The jury awarded damages in the amount of \$185 million. Columbia did not seek injunctive relief against us. We believe that we have ceased the use of the technology found by the jury to infringe. The jury also found that we did not fraudulently conceal its prosecution of a third patent but did find that two Columbia professors were coinventors of this patent. No damages were awarded related to this patent.

On September 30, 2023, the court entered its judgment, which awarded Columbia (i) enhanced damages of 2.6 times the jury award; (ii) prejudgment interest, post-judgment interest, and supplemental damages to be calculated in accordance with the parties' previous agreement; and (iii) attorneys' fees subject to the parties meeting and conferring as to amount. We complied with the court's order and submitted a stipulation regarding the final calculations of all outstanding interest, royalties and attorneys' fees. We posted the required surety bond and appealed the judgment to the Federal Circuit Court of Appeals.

The Federal Circuit issued its decision on appeal and remanded the case to the district court for further proceedings, including consideration of whether Columbia's patents are patent-eligible and, if the patent claims are determined to be eligible, to reduce the damages award to eliminate the royalty based on foreign sales and reconsider its attorneys' fees and enhanced damages decisions. At this time, our current estimate of probable losses from this matter, within a range of potential outcomes, is approximately \$256 million, which is accrued and recorded as part of Other long-term liabilities in the Condensed Consolidated Balance Sheets. There is a reasonable possibility that a loss may be incurred in excess of our accrual for this matter; however, such incremental loss cannot be reasonably estimated.

Jumpshot Matters

At the end of 2019, Avast came under media scrutiny for provision of Avast customer data to its data analytics subsidiary Jumpshot Inc. Jumpshot was a subsidiary of Avast with its own management team and technical experts. Avast announced the decision to terminate its provision of data to, and wind down, Jumpshot on January 30, 2020. As Avast has previously disclosed, it has been in communication with certain regulators and authorities prior to completion of our acquisition of Avast.

On December 23, 2019, the United States Federal Trade Commission (FTC) issued a Civil Investigative Demand (CID) to Avast seeking documents and information related to its privacy practices, including Jumpshot's past use of consumer information that was provided to it by Avast. Avast responded cooperatively to the CID and related follow-up requests from the FTC. We engaged in ongoing negotiations with the FTC staff and reached a negotiated agreement on the terms of a Consent Decree resolving this investigation, the terms of which are now final. This includes a provision for a non-material amount of monetary relief, which has been paid.

On February 27, 2020, the Czech Office for Personal Data Protection (the Czech DPA) initiated offense proceedings concerning Avast's practices with respect to Jumpshot. The Czech DPA issued a decision in March 2022 finding that Avast had violated the GDPR and issued a fine of CZK 351 million (approximately \$16 million). Avast appealed the decision, which was affirmed by the Czech DPA on April 10, 2024. Avast paid the fine levied by the DPA. On June 15, 2024, Avast brought a judicial action in the administrative law court challenging the decision of the Czech DPA. On October 7, 2025, the court affirmed the decision regarding liability; however, it vacated the DPA's decision regarding the determination of the fine. Both the DPA and the Company have filed cassation complaints with the Supreme Administrative Law Court. At this stage, the fine has been returned but the matter remains pending. We have accrued an immaterial amount as our current estimate of probable loss from this matter.

On March 27, 2024, Stichting CUIIC – Privacy Foundation for Collective Redress, a Dutch foundation (the Foundation), filed its writ of summons to initiate a collective action. The Foundation has asserted it represents the interests of Avast customers in the Netherlands whose data was provided to Jumpshot and that by doing so Avast violated the requirements of the GDPR and other provisions in Dutch and European Union privacy and consumer law, entitling those customers to damages and other compensation, all of which we dispute. No specific amount of damages has been alleged to date. At this stage, the matter remains pending, and we are unable to assess whether any material loss or adverse effect is probable or estimate the range of any potential loss.

On April 18, 2024, we received a letter before action from counsel in the United Kingdom asserting it may bring a representative action on behalf of a class of Avast users in the United Kingdom and Wales for breach of contract and misuse of private information and seeking unspecified damages and a permanent injunction. No lawsuit has been filed. We have since

entered into a final settlement agreement resolving this matter. The settlement amount is immaterial, and the resolution did not have, and is not expected to have, a material adverse effect on our financial condition, results of operations or cash flows.

The outcome of the regulatory proceedings, government enforcement actions and litigation is difficult to predict, and the cost to defend, settle or otherwise resolve these matters may be significant. Plaintiffs or regulatory agencies or authorities in these matters may seek recovery of large or indeterminate amounts or seek to impose sanctions, including significant monetary penalties, as well as equitable relief. The monetary and other impact of these litigations, proceedings or actions may remain unknown for substantial periods of time. Further, an unfavorable resolution of litigations, proceedings or actions could have a material adverse effect on our business, financial condition, and results of operations and cash flows. The amount of time that will be required to resolve these matters is unpredictable, and these matters may divert management's attention from the day-to-day operations of our business. Any future investigations or additional lawsuits may also adversely affect our business, financial condition, results of operations and cash flows.

MALKA Seller Members Litigation

On July 21, 2023, Jeffrey Frommer, Lyusen Krubich, Daniel Fried and Pat Capra, the former equity owners of MALKA, a subsidiary of MoneyLion (collectively, the "Seller Members"), brought a civil action in the Southern District of New York ("SDNY") against MoneyLion Technologies Inc. alleging, among other things, breaches of the Membership Interest Purchase Agreement governing the acquisition of MALKA. MoneyLion filed counterclaims against the Seller Members alleging, among other things, fraud, negligent misrepresentation, conversion, breach of fiduciary duties and breach of contract. The court issued its decision on September 29, 2025, finding that MoneyLion breached the parties' agreements and awarding the Seller Members damages and attorneys' fees and costs, for which we have accrued \$67 million in other long-term obligations in our Condensed Consolidated Balance Sheet. MoneyLion plans to appeal the judgment to the Second Circuit Court of Appeals.

NYAG Litigation

On April 14, 2025, the Office of the Attorney General of the State of New York filed a civil action in the Supreme Court of the State of New York, County of New York, against MoneyLion Inc. The complaint alleges, among other things, that MoneyLion's earned wage access product violates New York's civil and criminal usury laws and asserts claims of fraud, deceptive, and false advertising practices under state law, as well as abusive and deceptive practices under the federal Consumer Financial Protection Act. On April 28, 2025, the Attorney General filed an amended complaint, adding MoneyLion Technologies Inc. and ML Plus LLC as defendants. The Company maintains that the Attorney General's claims are without merit and is vigorously defending against the lawsuit. At this stage, the matter remains pending, and we are unable to assess whether any material loss or adverse effect is probable or estimate the range of any potential loss.

Other

We are involved in a number of other judicial, arbitrable, administrative proceedings and government inquiries that are incidental to our business, including certain matters relating to products and services offered in the ordinary course of business subject to lending and other consumer laws and regulations. Although adverse decisions (or settlements) may occur in one or more of the cases, it is not possible to estimate the possible loss or losses from each of these cases. The final resolution of these lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on our business, results of operations, financial condition or cash flows.

During the three months ended July 3, 2026 and July 4, 2025, we incurred \$24 million and \$5 million, respectively, related to the estimated accrual and final resolutions of our litigation contingencies in our Condensed Consolidated Statements of Operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking statements and factors that may affect future results

The discussion below contains forward-looking statements, which are subject to safe harbors under the Securities Act of 1933, as amended (the Securities Act) and the Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements include statements that represent our expectations or beliefs concerning future events, including, without limitation, references to our ability to utilize our deferred tax assets, as well as statements including words such as "expects," "plans," "anticipates," "believes," "estimates," "predicts," "goal," "intent," "momentum," "projects," "forecast," "outlook," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," and similar expressions. In addition, projections of our future financial performance; beliefs regarding our business and strategies; anticipated growth and trends in our businesses and in our industries; the consummation of or anticipated impacts of acquisitions (including our ability to achieve synergies from acquisitions, including, but not limited to, our acquisition of MoneyLion), expectations about certain markets, divestitures, restructurings, stock repurchases, financings, debt repayments, investment activities and our liquidity; the outcome or impact of pending litigation, claims or disputes; risks associated with third party providers; evolving regulations and increased scrutiny from regulators; our intent to pay quarterly cash dividends in the future; plans for and anticipated benefits of our products and solutions; anticipated tax rates, benefits and expenses; the global macroeconomic outlook, including but not limited to, the impact of inflation, fluctuations in foreign currency exchange rates, changes in interest rates, and the impact of new trade policy, including the implementation of global tariffs; retaliatory trade regulations and policies; economic disruptions caused by the potential impact of volatility and conflict in the geopolitical and economic environment; general uncertainty in the financial and capital markets; and other global macroeconomic factors on our operations and financial performance; and other characterizations of future events or circumstances are forward-looking statements. These statements are only predictions, based on our current expectations about future events and may not prove to be accurate. We do not undertake any obligation to

update these forward-looking statements to reflect events occurring or circumstances arising after the date of this report. These forward-looking statements involve risks and uncertainties, and our actual results, performance, or achievements could differ materially from those expressed or implied by the forward-looking statements on the basis of several factors, including economic recessions, inflationary pressures and those other factors that we discuss in Part II Item 1A, Risk Factors, of this Quarterly Report on Form 10-Q and Item 1A, Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended April 3, 2026. We encourage you to read those sections carefully. There may also be other factors that have not been anticipated or that are not described in our periodic filings with the Securities and Exchange Commission (SEC), generally because we did not believe them to be significant at the time, which could cause actual results to differ materially from our projections and expectations. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

OVERVIEW

Gen Digital Inc. is a global leader in consumer Cyber Safety and Trust-Based Solutions, empowering people around the world to live safer digital lives while building confidence and control over their financial futures. Through its trusted brands, including Norton, Avast, LifeLock and MoneyLion, Gen offers cybersecurity, online privacy, identity protection and financial wellness solutions to consumers worldwide.

Our Cyber Safety Platform includes our security, comprehensive suites, and privacy products, which deliver technology solutions and superior threat protection to help people navigate the digital world securely, privately and with confidence. Our Trust-Based Solutions includes our identity protection, restoration support services, digital reputation, and secure financial wellness, including our first-party MoneyLion products and our Engine marketplace offerings.

Fiscal calendar

We have a 52/53-week fiscal year ending on the Friday closest to March 31. The three months ended July 3, 2026 consisted of 13 weeks, whereas the three months ended July 4, 2025 consisted of 14 weeks. Our 2027 fiscal year consists of 52 weeks and ends on April 2, 2027.

Key financial metrics

The following tables provide our key financial metrics for the periods presented:

(In millions, except for per share amounts)	Three Months Ended	
	July 3, 2026	July 4, 2025
Net revenues	\$ 1,336	\$ 1,257
Operating income (loss)	\$ 443	\$ 446
Net income (loss)	\$ 215	\$ 135
Net income (loss) per share - diluted	\$ 0.36	\$ 0.22

(In millions)	As Of	
	July 3, 2026	April 3, 2026
Cash, cash equivalents and restricted cash	\$ 564	\$ 411
Contract liabilities	\$ 1,919	\$ 1,977

Below are our financial highlights for the first quarter of fiscal 2027, compared to the corresponding period in the prior year:

- Net revenues increased \$79 million, primarily due to increased sales in our Trust-Based Solutions, partially offset by the impact of the additional week in the first quarter of fiscal 2026 on both segments.
- Operating income (loss) remained relatively flat, primarily due to offsetting increases in net revenues, cost of revenues and operating expenses.
- Net income (loss) increased \$80 million and net income per share increased \$0.14, primarily due to a decrease in interest and income tax expense.

GLOBAL MACROECONOMIC CONDITIONS

As a global company, our results of operations and cash flows may be influenced by global macroeconomic conditions and their impact on customer behavior. Global macroeconomic conditions include, but are not limited to, increased tariffs and an uncertain global trade environment, foreign currency exchange rate fluctuations, the impact of interest rate fluctuations, elevated inflation, ongoing and new geopolitical conflicts, the impacts of current and future trade regulations, instability in the global banking sector, slow growth and recession risks, and changes in legislation or regulations and actions by regulators, including changes in enforcement and administrative policies, any of which may be difficult to predict and may persist for an extended period.

Despite challenging global macroeconomic conditions and although we recognize that inflation and broader economic uncertainty can influence customer behavior, we are confident in the long-term overall health of our business, the strength of our product offerings and our ability to continue to execute on our strategy, including bringing award-winning products and services in cybersecurity and offering comprehensive financial wellness to our customers.

We continue to monitor the direct and indirect impacts of these global macroeconomic or other geopolitical factors. If the economic uncertainty continues, we may experience negative impacts on customer renewals, customer collections, sales and

marketing efforts, customer deployments, product development, or other financial metrics. Additional broader implications of these events on our business, results of operations, and overall financial position still remain uncertain and could result in further adverse impacts to our reported results. For further discussion of the potential impacts of global macroeconomic conditions on our business, please see Part I, Item 3 and “Risk Factors” in Part II, Item 1A below.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our Condensed Consolidated Financial Statements and related notes in accordance with generally accepted accounting principles in the U.S. requires us to make estimates, including judgments and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We have based our estimates, judgments and assumptions on historical experience and on various other factors we believe to be reasonable under the circumstances. We evaluate our estimates, judgments and assumptions on a regular basis and make changes accordingly. Management believes that the accounting estimates employed and the resulting amounts are reasonable; however, actual results may differ from these estimates. Making estimates, judgments and assumptions about future events is inherently unpredictable and is subject to significant uncertainties, some of which are beyond our control. Should any of these estimates, judgments or assumptions change or prove to have been incorrect, it could have a material impact on our results of operations, financial position and cash flows.

Our critical accounting policies and estimates were disclosed in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended April 3, 2026. There have been no other material changes in the matters for which we make critical accounting estimates in the preparation of our Condensed Consolidated Financial Statements during the three months ended July 3, 2026.

Recently issued authoritative guidance not yet adopted

ASU 2024-03 and ASU 2025-01, Income Statement - Reporting Comprehensive Income (Subtopic 220-40): Expense Disaggregation Disclosures. In November 2024, the Financial Accounting Standards Board (FASB) issued new guidance requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. This is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. We are currently evaluating the impact of the adoption of this guidance on our Condensed Consolidated Financial Statements and disclosures.

ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. In September 2025, the FASB issued new guidance to improve the operability of the guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods, including methods that entities may use to develop software in the future. This is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. We are currently evaluating the impact of the adoption of this guidance on our Condensed Consolidated Financial Statements and disclosures.

RESULTS OF OPERATIONS

The following table sets forth our Condensed Consolidated Statements of Operations data as a percentage of net revenues for the periods indicated:

	Three Months Ended	
	July 3, 2026	July 4, 2025
Net revenues	100 %	100 %
Cost of revenues	23	21
Gross profit	77	79
Operating expenses:		
Sales and marketing	22	24
Research and development	9	9
General and administrative	6	6
Amortization of intangible assets	4	4
Restructuring and other costs	2	1
Total operating expenses	44	43
Operating income (loss)	33	35
Interest expense	(9)	(12)
Other income (expense), net	—	1
Income (loss) before income taxes	24	24
Income tax expense (benefit)	8	13
Net income (loss)	16 %	11 %

Note: Percentages may not add due to rounding.

Net revenues

(In millions, except for percentages)	Three Months Ended		
	July 3, 2026	July 4, 2025	Change in %
Net revenues	\$ 1,336	\$ 1,257	6 %

Three Months Ended July 3, 2026 Compared with Three Months Ended July 4, 2025

Net revenues increased \$79 million, primarily due to a \$102 million increase in sales of our Trust-Based Solutions, partially offset by a \$23 million decrease in sales of our Cyber Safety Platform, due to the \$56 million impact of the additional week in the first quarter of fiscal 2026. The additional week had a \$31 million impact on our Trust-Based Solutions net revenues, for a total impact of \$87 million across both segments.

Performance Metrics

We regularly monitor a number of metrics in order to measure our current performance and estimate our future performance. We believe these key operating metrics are useful to investors because management uses these metrics to assess the growth of our business and the effectiveness of our marketing and operational strategies. Our metrics may be calculated in a manner different than similar metrics used by other companies.

The following table summarizes supplemental key performance metrics:

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Cyber Safety Platform	\$ 846	\$ 869
Trust-Based Solutions	490	388
Total net revenues	\$ 1,336	\$ 1,257
Direct revenues	\$ 1,063	\$ 1,054
Partner revenues	273	203
Total net revenues	\$ 1,336	\$ 1,257
Total bookings	\$ 1,284	\$ 1,202
(In millions)	As of	
	July 3, 2026	July 4, 2025
Total paid customers	81	76

Revenue from Cyber Safety Platform decreased \$23 million during the three months ended July 3, 2026, primarily due to an impact of \$56 million from the additional week in the first quarter of fiscal 2026, partially offset by growth across our Cyber Safety membership offerings. Revenue from Trust-Based Solutions increased \$102 million during the three months ended July 3, 2026, primarily due to continued growth in our Financial Wellness offerings, partially offset by the impact of \$31 million from the additional week in the first quarter of fiscal 2026.

Direct revenue reflects subscriptions sold directly through e-commerce or mobile channels, and revenue generated from financial transactions directly made through Gen properties or marketplaces.

Partner revenue reflects partner-sourced and channel revenue via retailers, employee benefits, telcos, publishers, and strategic partnerships, including revenue generated from product usage or products sold through our financial marketplace.

Total bookings are defined as customer orders received that are expected to generate net revenues in the future. We present the operational metric of bookings because it reflects customers' demand for our products and services and to assist readers in analyzing our performance in future periods.

We define paid customers as active users of our products and solutions, including subscribers with an active paid subscription to our products at the end of the reported period. Paid customers also includes product users with a unique account and at least one revenue-generating transaction in the relevant active period of each respective product category, whether through our first-party personal finance products, transacting through our financial marketplaces, or generating revenue through product usage. We exclude users on free trials and those who have not actively transacted in the relevant period of each respective product category.

In order to properly reflect our customer cohorts that contribute to revenue given the dynamic nature of consumers and our product portfolio, our methodology is subject to change from time to time. The methodologies used to measure these metrics require judgment and we regularly review our metrics to improve their accuracy. However, our ability to recalculate our historical metrics may be impacted by data limitations or other factors that require us to apply different methodologies for such adjustments. We generally do not intend to update previously disclosed metrics for any such inaccuracies or adjustments that are deemed not material.

Net revenues by geographical region

	Three Months Ended	
	July 3, 2026	July 4, 2025
Americas	72 %	70 %
EMEA	21 %	21 %
APJ	8 %	9 %

The Americas include the U.S., Canada and Latin America; EMEA includes Europe, the Middle East and Africa; APJ includes Asia Pacific and Japan.

Percentage of revenue in Americas increased primarily due to continued growth in our Financial Wellness product offerings during the three months ended July 3, 2026 as compared to the three months ended July 4, 2025.

Cost of revenues

(In millions, except for percentages)	Three Months Ended		
	July 3, 2026	July 4, 2025	Change in %
Cost of revenues	\$ 307	\$ 267	15 %

Three Months Ended July 3, 2026 Compared with Three Months Ended July 4, 2025

Cost of revenues increased \$40 million, primarily due to a \$35 million increase in partner revenue share mainly in Trust-Based Solutions.

Operating expenses

(In millions, except for percentages)	Three Months Ended		
	July 3, 2026	July 4, 2025	Change in %
Sales and marketing	\$ 300	\$ 297	1 %
Research and development	118	109	8 %
General and administrative	80	74	8 %
Amortization of intangible assets	56	54	4 %
Restructuring and other costs	32	10	220 %
Total operating expenses	\$ 586	\$ 544	8 %

Three Months Ended July 3, 2026 Compared with Three Months Ended July 4, 2025

Sales and marketing, research and development, general and administrative, and amortization of intangible assets expenses all remained relatively flat.

Restructuring and other costs increased \$22 million, primarily due to a \$19 million increase in severance and termination benefits in connection with the Fiscal 2027 Plan. Refer to Note 9 of the Notes to the Condensed Consolidated Financial Statements for details of the fiscal 2027 restructuring activities.

Non-operating income (expense), net

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Interest expense	\$ (124)	\$ (156)
Interest income	3	9
Foreign exchange gain (loss)	(1)	—
Gain (loss) on sale of property	—	(1)
Other	2	2
Total non-operating income (expense), net	\$ (120)	\$ (146)

Three Months Ended July 3, 2026 Compared with Three Months Ended July 4, 2025

Non-operating income (expense), net, decreased by \$26 million, primarily due to a \$32 million decrease in interest expense.

Provision for income taxes

(In millions, except for percentages)	Three Months Ended	
	July 3, 2026	July 4, 2025
Income (loss) before income taxes	\$ 323	\$ 300
Income tax expense (benefit)	\$ 108	\$ 165
Effective tax rate	33 %	55 %

Our effective tax rate for the three months ended July 3, 2026 and July 4, 2025, differs from the federal statutory income tax rate primarily due to state taxes, changes in unrecognized tax benefits and related interest and penalties, foreign exchange impacts, stock-based compensation, and the U.S. taxation on foreign earnings. The effective tax rate decreased primarily due to foreign currency movements on the remeasurement of unrecognized tax benefits and deferred tax liabilities on intangible assets.

The Organization for Economic Cooperation and Development (OECD) and many countries have proposed to reallocate a portion of profits of large multinational enterprises (MNEs) with an annual global turnover exceeding €20 billion to markets where sales arise (Pillar One), as well as enact a global minimum tax rate of at least 15% for MNEs with an annual global turnover exceeding €750 million (Pillar Two). On December 12, 2022, the European Union reached an agreement to implement the Pillar Two directive of the OECD's reform of international taxation at the European Union level. The agreement affirms that all Member States must transpose the Pillar Two directive by December 31, 2023. The rules were therefore applicable for fiscal years starting on or after December 31, 2023. Ireland, Czech Republic, and certain jurisdictions in which we operate have enacted legislation to implement Pillar Two and other countries are actively considering changes to their tax laws to adopt certain parts of the OECD's proposals. The enactment of Pillar Two legislation is not expected to have a material adverse effect on our effective tax rate and Condensed Consolidated Financial Statements in the near term. Moreover, in June 2025, the G7 agreed to exclude United States MNEs from certain aspects of the Pillar Two global minimum tax rules (the G7 Statement) in exchange for the United States not imposing retaliatory taxes in the Act. We will continue to monitor and reflect the impact of such legislative changes, including the G7 Statement, which has not yet been incorporated into the OECD framework, in future Condensed Consolidated Financial Statements as appropriate.

LIQUIDITY, CAPITAL RESOURCES AND CASH REQUIREMENTS

Liquidity and Capital Resources

We have historically relied on cash generated from operations, borrowings under credit facilities, issuances of debt and proceeds from divestitures for our liquidity needs.

Our capital allocation strategy is to balance driving stockholder returns, managing financial risk and preserving our flexibility to pursue strategic options, including acquisitions and mergers. Historically, this has included a quarterly cash dividend, the repayment of debt and the repurchase of shares of our common stock.

Based on past performance and current expectations, we believe that our existing cash and cash equivalents, together with cash generated from operations, amounts available under our Revolving Facility and our future refinancing plans related to our upcoming maturities, will be sufficient to meet our working capital needs, support on-going business activities and finance the expected synergy costs related to our acquisitions through at least the next 12 months and to meet our known long-term contractual obligations. We are currently not aware of any trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in our liquidity increasing or decreasing in any material way that will impact our capital needs during or beyond the next 12 months. However, our future liquidity and capital requirements may vary materially from those as of July 3, 2026, depending on several factors, including, but not limited to, economic conditions; political climate; the expansion of sales and marketing activities; the costs to acquire or invest in businesses; outcome of income tax audits with relevant tax authorities; resolution of legal proceedings, including, but not limited to, regulatory proceedings, claims, mediations, arbitrations and litigation; and the risks and uncertainties discussed in "Risk Factors" in Part II, Item 1A below.

Cash flows

The following summarizes our cash flow activities:

(In millions)	Three Months Ended	
	July 3, 2026	July 4, 2025
Net cash provided by (used in):		
Operating activities	\$ 434	\$ 409
Investing activities	\$ (15)	\$ (873)
Financing activities	\$ (267)	\$ 290

See Note 6 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for our supplemental cash flow information.

Cash from operating activities

Net cash provided by operating activities of \$434 million for the three months ended July 3, 2026 was primarily comprised of net income adjusted for the net effect of non-cash items. Changes in working capital sources and uses of cash include

decreases in Instacash Advances held for sale, contract liabilities, and accrued compensation and benefits offset by increases in other liabilities and income taxes payable.

Cash from investing activities

Net cash used in investing activities of \$15 million for the three months ended July 3, 2026 was primarily related to payments for originations of notes receivables, partially offset by proceeds from principal repayments of notes receivables.

Cash from financing activities

Net cash used in financing activities of \$267 million for the three months ended July 3, 2026 was primarily due to repurchases of common stock under our repurchase program, quarterly dividend payments, principal payments of our Term A and B Facilities and tax payments related to vesting of stock units.

Cash and cash equivalents

As of July 3, 2026, we had cash and cash equivalents of \$533 million, excluding restricted cash, of which \$306 million was held by our foreign subsidiaries. Our cash and cash equivalents are managed with the objective to preserve principal, maintain liquidity and generate investment returns. The participation exemption system under current U.S. federal tax regulations generally allows us to make distributions of non-U.S. earnings to the U.S. without incurring additional U.S. federal tax; however, these distributions may be subject to applicable state or non-U.S. taxes.

Debt

We have an undrawn revolving credit facility of \$1,495 million, net of our letters of credit, which expires in March 2031.

Stock repurchases

During the three months ended July 3, 2026 and July 4, 2025, we executed repurchases of 4 million and 5 million of our common stock under our existing stock repurchase program for an aggregate amount of \$100 million and \$134 million, respectively.

Material Cash Requirements

Our principal cash requirements are primarily to meet our working capital needs, support on-going business activities, including payment of taxes and cash dividends, payment of contractual obligations, funding capital expenditures, servicing existing debt, repurchasing shares of our common stock and investing in business acquisitions and mergers.

Debt instruments

As of July 3, 2026, our total outstanding principal amount of indebtedness is summarized as follows. See Note 8 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further information on our debt.

(In millions)	July 3, 2026
Term Loans	\$ 5,780
Senior Notes	2,450
Total debt	<u>\$ 8,230</u>

The Amended Credit Agreement contains customary representations and warranties and affirmative and negative covenants, including compliance with specified financial ratios, and includes a springing maturity provision applicable solely to the Extended Term A Facility and Revolving Facility pursuant to which the obligations under such facilities may become due and payable prior to the stated maturity dates.

As of July 3, 2026, we were in compliance with all debt covenants. See Note 8 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further information regarding our debt, including applicable financial ratios, debt covenant compliance and the springing maturity provision applicable to the Extended Term A Facility and Revolving Facility.

Dividends

On August 6, 2026, we announced a cash dividend of \$0.125 per share of common stock to be paid in September 2026. Any future dividends and dividend equivalents will be subject to the approval of our Board of Directors.

Stock repurchase program

Under our stock repurchase program, we may purchase shares of our outstanding common stock on the open market (including through trading plans intended to qualify under Rule 10b5-1 under the Exchange Act) and through accelerated stock repurchase transactions. As of July 3, 2026, the remaining balance of our stock repurchase authorization was \$1,994 million and does not have an expiration date. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions and other investment opportunities.

Restructuring

See Note 9 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for cash flow information associated with our restructuring activities.

Significant contractual obligations

Our principal commitments consist of principal and interest payments related to our debt instruments, obligations under our purchase agreements, obligations under various non-cancellable leases and potential other legal contingencies. Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits and other long-term taxes as of July 3, 2026, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$1,610 million in long-term income taxes payable has been excluded from our quarterly review of timing of contractual obligations.

There have been no material changes, outside the ordinary course of business, to the contractual obligations reported in our Annual Report. For additional information about our debt obligations and certain other contingencies, see Note 8 and Note 15, respectively, of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various market risks related to fluctuations in interest rates and foreign currency exchange rates. We may use derivative and non-derivative financial instruments to reduce the volatility of earnings and cash flow that may result from adverse economic conditions and events or changes in interest rates and foreign currency exchange rates.

Interest rate risk

As of July 3, 2026, we had \$2,450 million in aggregate principal amount of fixed-rate Senior Notes outstanding, with a carrying amount and a fair value of \$2,454 million, based on Level 2 inputs. The fair value of these notes fluctuates when interest rates change. Since these notes bear interest at fixed rates, the financial statement risk associated with changes in interest rates is limited to future refinancing of current debt obligations. If these notes were refinanced at higher interest rates prior to maturity, our total interest payments could increase by a material amount; however, this risk is mitigated by our strong cash position and expected future cash generated from operations, which will be sufficient to satisfy this increase in obligation.

As of July 3, 2026, we also had \$5,780 million outstanding debt with variable interest rates based on the Secured Overnight Financing Rate (SOFR). A hypothetical 100 basis point change in SOFR would have resulted in a \$58 million increase or decrease in interest expense on an annualized basis.

In addition, we have a \$1,495 million revolving credit facility, net of our letters of credit, that, if drawn, bears interest at a variable rate based on SOFR and would be subject to the same risks associated with adverse changes in SOFR.

Foreign currency exchange rate risk

We conduct business in numerous currencies through our worldwide operations, and our entities hold monetary assets or liabilities, earn revenues or incur costs in currencies other than each entity's functional currency, primarily in Euro, Japanese Yen, British Pound, Australian Dollar, Czech Koruna and Canadian Dollar. In addition, we charge our international subsidiaries for their use of intellectual property and technology and for certain corporate services provided. Our cash flow, results of operations and certain of our intercompany balances that are exposed to foreign exchange rate fluctuations may differ materially from expectations, and we may record significant gains or losses due to foreign currency fluctuations and related hedging activities. As a result, we are exposed to foreign exchange gains or losses, which impacts our operating results.

Growth in our international operations will incrementally increase our exposure to foreign currency fluctuations as well as volatile market conditions, including the weakening of foreign currencies relative to USD, which has negatively affected, and may in the future continue to negatively affect, our revenue expressed in USD.

We manage these exposures and reduce the potential effects of currency fluctuations by executing monthly foreign exchange forward contracts to hedge foreign currency balance sheet exposures. The gains and losses on these foreign exchange contracts are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

We do not use derivative financial instruments for speculative trading purposes, nor do we hedge our foreign currency exposure in a manner that entirely offsets the effects of changes in foreign exchange rates. As our international operations grow, we will continue to reassess our approach to managing risks related to fluctuations in foreign currency.

Additional information related to our debts is included in Note 8 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The SEC defines the term "disclosure controls and procedures" to mean a company's controls and other procedures that are designed, by management, to ensure that information required to be disclosed in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms. "Disclosure controls and procedures" include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance that such information is accumulated and communicated to our management. Our management (with the participation of our Chief Executive Officer and Chief Financial Officer) evaluated the

effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report.

Based on such evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting

There were no changes in Gen's internal control over financial reporting or in other factors that occurred during the first quarter of fiscal 2027 that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

(c) Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, recognizes that disclosure controls and procedures and internal control over financial reporting can provide only reasonable assurance, not absolute assurance, that their objectives will be achieved. No control system, regardless of how well designed and operated, can prevent or detect all errors or fraud. The design of controls necessarily reflects resource constraints and requires management to balance the expected benefits of controls against their costs. In addition, the effectiveness of controls is based in part on management's judgments and assumptions about future events and conditions, which may change over time. Accordingly, no evaluation of controls can provide absolute assurance that all control deficiencies or instances of fraud, if any, have been identified.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

Information with respect to this Item may be found under the heading “Litigation contingencies” in Note 15 of the Notes to the Condensed Consolidated Financial Statements in this Form 10-Q, which information is incorporated herein by reference.

Item 1A. *Risk Factors*

SUMMARY RISK FACTORS

We are subject to a number of risks that, if realized, could materially and adversely affect our business, financial condition, results of operations, and cash flows and our ability to make distributions to our stockholders. Some of our more significant challenges and risks include, but are not limited to, the following, which are described in greater detail below:

- If we are unable to develop new and enhanced solutions and products, or continually improve the performance, features, and reliability of our existing solutions and products, our business and operating results could be adversely affected.
- We operate in a highly competitive and dynamic environment, and if we are unable to compete effectively, we could experience a loss in market share and a reduction in revenue.
- Issues in the development and deployment of AI, including generative AI and emerging AI-enabled cyber threats, could expose us to regulatory, privacy, IP, cybersecurity, operational and reputational risks.
- Our acquisitions and divestitures create special risks and challenges that could adversely affect our financial results.
- Our revenue and operating results depend significantly on our ability to retain our existing customers and increase their adoption of our offerings, convert existing non-paying customers to paying customers, and add new customers.
- If we fail to manage our sales and distribution channels effectively, if our partners choose not to market and sell our solutions to their customers, or if we have an adverse change in our relationships with key third-party partners, service providers or vendors, our operating results could be materially and adversely affected.
- Changes in industry structure and market conditions have and may continue to lead to charges related to discontinuance of certain products or businesses and asset impairments.
- Our international operations involve risks that could increase our expenses, adversely affect our operating results and require increased time and attention from management.
- Our future success depends on our ability to attract and retain personnel in a competitive marketplace.
- If we fail to offer high-quality customer support, our customer satisfaction may suffer and have a negative impact on our business and reputation.
- If the information provided to us by customers or other third parties is incorrect or fraudulent, we may misjudge a customer's qualifications to receive our products and services and our results of operations may be harmed and could subject us to regulatory scrutiny or penalties.
- Our solutions, systems, websites and the data on these sources have been and may continue to be subject to cybersecurity events that could materially harm our reputation and future sales.
- We collect, use, disclose, store or otherwise process personal information and other sensitive data, which is subject to stringent and changing state and federal laws and regulations.
- Our inability to successfully recover from a disaster or other business continuity event could impair our ability to deliver our products and services, which could harm our business.
- We are dependent upon Broadcom for certain engineering and threat response services, which are critical to many of our products and business.
- Our solutions are complex and operate in a wide variety of environments, systems and configurations, which could result in failures of our solutions to function as designed.
- Negative publicity regarding our brand, solutions and business could harm our competitive position.
- Our reputation and/or business could be negatively impacted by sustainability and governance matters and/or our reporting of such matters.
- We are affected by seasonality, which has in the past and may in the future impact our revenue and results of operations.
- The legal and regulatory regimes governing certain of our products and services are uncertain and evolving.
- If we do not protect our proprietary information and prevent third parties from making unauthorized use of our products and technology, our financial results could be harmed.
- From time to time, we are party to lawsuits and investigations, which have previously and could in the future require significant management time and attention, cause us to incur significant legal expenses and prevent us from selling our products.
- Third parties have claimed and additional third parties in the future may claim that we infringe their proprietary rights.

- Some of our products contain “open source” software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.
- Our substantial indebtedness and related debt obligations could limit our financial and operating flexibility and increase our vulnerability to adverse business and economic conditions.
- Our Amended Credit Agreement imposes operating and financial restrictions on us.
- The failure of financial institutions or transactional counterparties could adversely affect our current and projected business operations and our financial condition and results of operations.
- We rely on a variety of funding sources to support our business model. If our existing funding arrangements are not renewed or replaced or our existing funding sources are unwilling or unable to provide funding to us on terms acceptable to us, or at all, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.
- Adverse macroeconomic conditions have adversely affected and may continue to adversely affect the consumer finance industry and our MoneyLion business.
- Fluctuations in our quarterly financial results have affected the trading price of our stock in the past and could affect the trading price of our stock in the future.
- We may be required to issue shares under our contingent value rights agreement.
- Changes to our effective tax rate could increase our income tax expense and reduce (increase) our net income (loss), cash flows and working capital, and audits by tax authorities could result in additional tax payments for prior periods.
- Our corporate and legal entity structure, as well as our intercompany arrangements, are subject to the tax laws of multiple jurisdictions. These laws are complex and may be subject to differing interpretations by tax authorities. As a result, we may be required to pay additional taxes, interest, or penalties in various jurisdictions, which could adversely affect our results of operations.
- Our ability to use our deferred tax assets to offset future taxable income may be limited.

The above list is not exhaustive, and we face additional challenges and risks. Please carefully consider all of the information in this Quarterly Report on Form 10-Q, including the matters set forth below.

A description of the risk factors associated with our business is set forth below and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Legal Proceedings,” “Quantitative and Qualitative Disclosures About Market Risk” and “Controls and Procedures.” The list is not exhaustive, and you should carefully consider these risks and uncertainties before investing in our common stock.

RISKS RELATED TO OUR BUSINESS STRATEGY AND INDUSTRY

If we are unable to develop new and enhanced solutions and products, or continually improve the performance, features, and reliability of our existing solutions and products, our business and operating results could be adversely affected.

Our future success depends on our ability to effectively respond to evolving consumer threats, technological advancements, competitive developments and industry changes, by developing or introducing new and enhanced solutions and products on a timely basis. We have incurred, and will continue to incur, significant research and development expenses, including investments in AI, to drive organic growth and reduce reliance on third-party technologies. If these investments do not produce the anticipated benefits, or if such benefits are delayed, our operating results could be adversely affected.

We must continually address the challenges of dynamic and accelerating market trends and competitive developments. The development and integration of new technologies — including generative AI (“Gen AI”) and machine learning — is complex, time-consuming, and subject to significant risks. New technologies may contain errors, vulnerabilities, or unintended outputs, including incorrect or biased results, that are not easily detectable, which could lead to customer dissatisfaction, reputational harm, litigation, or increased regulatory scrutiny. Customers may also demand features or capabilities that our current solutions do not offer, and failure to innovate in a timely and cost-effective manner could impair our ability to retain existing customers and attract new customers.

The development and introduction of new solutions involve significant commitments of time and resources and are subject to risks and challenges including but not limited to:

- Lengthy development cycles;
- Evolving industry and regulatory standards and technological developments, including AI and machine learning, by our competitors and customers;
- Rapidly changing customer preferences and accurately anticipating technological trends or needs;
- Evolving platforms, operating systems, and hardware products, such as mobile devices;
- Product and service interoperability challenges with customers’ technology and third-party vendors;
- The integration of products and solutions from acquired companies;

- Availability of engineering and technical talent;
- Entering new or unproven market segments;
- New and evolving regulation; and
- Executing new product and service strategies.

In addition, third parties, including, but not limited to, operating systems and internet browser companies, have in the past and may in the future limit the interoperability of our solutions with their own products and services, including to promote competing offerings. Such actions could delay the development of, impair the functionality of, or reduce the demand for our solutions and products, which could result in decreased revenue, harm to our reputation, and adverse effects on our business, financial condition, results of operations, and cash flows.

If we fail to manage these risks effectively, or if our new or improved solutions or products are not technologically competitive or do not achieve market acceptance, our business and operating results could be adversely affected.

We operate in a highly competitive and dynamic environment, and if we are unable to compete effectively, we could experience a loss in market share and a reduction in revenue.

We operate in intensely competitive and dynamic markets characterized by rapid technological developments, evolving industry and regulatory standards and market trends, changing customer requirements and preferences, and frequent new product introductions and improvements. We have experienced, and expect to continue to experience, significant competitive pressures. If we are unable to anticipate or respond effectively to these continually evolving conditions, we could lose market share, experience pricing pressure, and incur reduced revenues, which could materially and adversely affect our business, financial condition, results of operations, and cash flows.

To compete successfully, we must maintain a robust and innovative research and development effort, enhance our existing solutions and products, introduce new offerings on a timely basis, and effectively adapt to changes in the technology, financial technology, AI, privacy and data protection standards and trends.

Our cyber safety and financial wellness businesses compete with a broad range of companies, including established security software vendors, operating system and platform providers, companies who specialize in a niche segment of the cyber safety market and which are expanding their portfolios into competing cyber safety products, traditional banks and credit unions, licensed and non-bank digital financial service providers, specialty finance companies, digital wealth management and brokerage platforms, embedded finance providers, financial marketplaces, and other technology companies. Many of these competitors have longer operating histories, greater brand recognition, larger customer bases, and significantly greater financial, technical, and marketing resources than we do. They may be able to offer more competitive pricing or terms, bundle products more effectively, introduce new, enhanced, broader or more specialized offerings more quickly (including for free), or respond more rapidly to technological and consumer trends. We expect our competition to continue to increase, as there are generally no substantial barriers to entry into the markets we serve.

In addition, operating system and platform providers increasingly incorporate native security, privacy, and financial features into their products, often at no additional cost, which may reduce demand for our offerings or diminish their differentiation. We also depend on strategic distribution and bundling relationships, and partners have in the past replaced, and may in the future replace, our solutions with competing or internally developed offerings, promote competing products more favorably, or limit interoperability. Industry consolidation, vertical integration, and the introduction of new or alternative technologies may further intensify competition.

We cannot be sure that we will accurately predict how the markets in which we compete or intend to compete will evolve. Failure on our part to anticipate changes in our markets and to develop solutions and enhancements that meet the demands of those markets or to effectively compete against our competitors will significantly impair our business, financial condition, results of operations, and cash flows.

Issues in the development and deployment of AI, including generative AI and emerging AI-enabled cyber threats, could expose us to regulatory, privacy, IP, cybersecurity, operational and reputational risks.

We have incorporated, and are continuing to develop and deploy, AI, including Gen AI, into many of our products, solutions and services. AI systems, including AI internally developed and AI present in third party solutions, may be flawed, contain errors or vulnerabilities, reflect unintended bias, or produce inaccurate, misleading or “hallucinatory” outputs, and such deficiencies may not be easily detectable. Customers may rely on AI-generated outputs in making financial, security or other significant decisions. If AI-enabled features in our products produce incorrect, incomplete or biased outputs, we could face claims of misrepresentation, negligence, product liability or other legal theories, as well as customer dissatisfaction, reputational harm and loss of business. Furthermore, we may face allegations of misrepresentations or “AI washing” if our disclosures about our AI capabilities or our AI-related governance are deemed to be exaggerated or misleading, which could result in enforcement actions, litigation or reputational harm.

AI can present ethical issues and may subject us to new or heightened legal, regulatory, ethical, or other challenges, including issues relating to discrimination, intellectual property infringement or misappropriation, violation of rights of publicity, inability to assert ownership of inventions and works of authorship, loss of trade secrets, defamation, data privacy, and cybersecurity; and inappropriate or controversial data practices by third-party partners, developers and end-users, or other factors adversely affecting public opinion of AI, could impair the acceptance of AI solutions, including those incorporated in our products and services. If the AI solutions that we create or use are deficient, inaccurate or controversial, we could incur

operational inefficiencies, competitive harm, legal liability, brand or reputational harm, or other adverse impacts on our business and financial results.

In addition, if we do not have sufficient rights to use the data or other material or content on which our AI tools rely, we also may incur liability through the violation of applicable laws and regulations, third-party intellectual property, privacy or other rights, or contracts to which we are a party. The use or adoption of AI technologies in our products may also result in exposure to claims by third parties of copyright infringement or other intellectual property misappropriation, which may require us to pay compensation or license fees to third parties. For example, the large datasets used to train Gen AI technologies or output generated by Gen AI technologies may contain materials that may subject us to third-party claims of intellectual property infringement or violations of rights of publicity. This risk is exacerbated with respect to our use of third-party Gen AI technologies, as it can be very difficult, if not impossible, to validate the processes used by third-party Gen AI technology providers in their collection and use of training data or the algorithm to produce outputs.

In addition, regulation of Gen AI is rapidly evolving worldwide as legislators and regulators are increasingly focused on these powerful emerging technologies. The technologies underlying Gen AI and its uses are currently subject to a variety of laws and regulations, including intellectual property, privacy, data protection and information security, consumer protection, competition, and equal opportunity laws, and are expected to be subject to increased regulation and new laws or new applications of existing laws and regulations. Gen AI is the subject of ongoing review by various U.S. governmental and regulatory agencies, and various U.S. states and other foreign jurisdictions are applying, or are considering applying, their platform moderation, cybersecurity, and data protection laws and regulations to Gen AI or are considering general legal frameworks for Gen AI. For example, the EU AI Act, which came into force on August 1, 2024, will generally become fully applicable after a two-year transitional period, with certain obligations taking effect at an earlier or later time. The EU AI Act introduces various requirements for AI systems and models placed on the market or put into service in the EU, including specific transparency and other requirements for general purpose AI systems and the models on which they are based. In addition, several U.S. states, such as California and Colorado, have proposed or enacted laws regarding automated decision-making, deepfakes, algorithmic discrimination and so called “high-risk” AI technologies (mandating, among other provisions, requirements for risk management, impact assessments, consumer notices and human oversight). At the federal level, a December 2025 executive order endorsed a federal moratorium on enforcement of state AI laws and the White House released in March 2026 a National Policy Framework for Artificial Intelligence, outlining nonbinding legislative recommendations to inform congressional consideration of a unified federal approach to AI regulation. Ongoing tension between the states and the federal government over how best to regulate AI may result in increased uncertainty, risk and compliance costs for our business. If we cannot use AI, or if our use of AI is restricted, it could lead to business disruption, inefficiency, or competitive disadvantage. Replacement of these technologies with compliant alternatives could require substantial capital expenditures or lead to a loss of proprietary data.

Furthermore, because AI technology itself is highly complex and rapidly developing, it is not possible to predict all of the legal, operational or technological risks that may arise relating to the use of AI, including the increased use of agentic AI and the heightened risk it poses to data privacy and cybersecurity. For example, the increasing use of AI in techniques employed by threat actors will continue to increase the risk of successful attacks that may overwhelm our protection systems faster than we can effectively respond. The rapid evolution of AI, including potential government regulation of AI, requires us to invest significant resources to develop, test, and maintain AI in our products and services in a manner that meets evolving requirements and expectations and we may need to expend resources to adjust our offerings in certain jurisdictions if the legal frameworks are inconsistent across jurisdictions. Developing, testing, and deploying AI systems may also increase the cost profile of our offerings due to the nature of the computing costs involved in such systems.

Our acquisitions and divestitures create special risks and challenges that could adversely affect our financial results.

As part of our business strategy, we may acquire or divest businesses or assets. For example, we acquired MoneyLion in April 2025. Our acquisition and divestiture activities have and may continue to involve a number of risks and challenges, including:

- Complexity, time and costs associated with managing these transactions, including the integration of acquired and the winding down of divested business operations, workforce, products, services, IT systems and technologies;
- Challenges in maintaining uniform standards, controls, procedures and policies within the combined organization;
- Challenges in retaining the customers of acquired businesses, providing the same level of service to existing customers with reduced resources, or retaining the third-party relationships, including with suppliers, service providers, and vendors, among others;
- Diversion of management time and attention;
- Loss or termination of employees, including costs and potential institutional knowledge loss associated with the termination or replacement of those employees;
- Assumption of liabilities of the acquired and divested business or assets, including pending or future litigation, investigations or claims related to the acquired business or assets;
- Addition of acquisition-related debt;
- Difficulty entering into or expanding into new markets or geographies;
- Increased or unexpected costs and working capital requirements;

- Dilution of stock ownership of existing stockholders;
- Ongoing contractual obligations and unanticipated delays or failure to meet contractual obligations;
- Regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary approvals, as well as being subject to new regulators with oversight over an acquired business;
- Substantial accounting charges for acquisition-related costs, asset impairments, amortization of intangible assets and higher levels of stock-based compensation expense; and
- Difficulty in realizing potential benefits, including cost savings and operational efficiencies, synergies and growth prospects from integrating acquired businesses.

We may not be able to identify appropriate business opportunities that benefit our business strategy or otherwise satisfy our criteria to undertake such opportunities. Even if we do identify potential strategic transactions, we may not be successful in negotiating favorable terms in a timely manner or at all or in consummating the transaction, and even if we do consummate such a transaction, it may not generate sufficient revenue to offset the associated costs, may not otherwise result in the intended benefits or may result in unexpected difficulties and risks. Macroeconomic factors, such as fluctuating tariffs, trade wars, high inflation, high interest rates, and volatility in foreign currency exchange rates and capital markets could negatively influence our future acquisition opportunities. Moreover, to be successful, large complex acquisitions depend on large-scale product, technology, and sales force integrations that are difficult to complete on a timely basis or at all and may be more susceptible to the special risks and challenges described above. Any of the foregoing, and other factors, could harm our ability to achieve anticipated levels of profitability or other financial benefits from our acquired or divested businesses, product lines or assets or to realize other anticipated benefits of divestitures or acquisitions.

Our revenue and operating results depend significantly on our ability to retain our existing customers and increase their adoption of our offerings, convert existing non-paying customers to paying customers, and add new customers.

It is important to our cyber and financial technology businesses that we retain existing customers and that our customers expand their use of our solutions and products over time. If our efforts to sell additional functionality, products and services to our customers and clients are not successful, our business and growth prospects would suffer. Customers may choose not to renew their membership with us at any time and may stop utilizing our revenue-generating products. For our solutions sold to customers on a monthly or annual subscription basis, renewing customers may require additional incentives to renew, may not renew for the same contract period, or may change their subscriptions. We therefore may be unable to retain our existing customers on the same or more profitable terms, if at all. In addition, we may not be able to accurately predict or anticipate future trends in customer retention or effectively respond to such trends.

Our customer retention rates may decline or fluctuate due to a variety of factors, including the following:

- Our customers' levels of satisfaction or dissatisfaction with our solutions, the value they place on our solutions and availability of our solutions;
- The quality, breadth, and prices of our solutions, including solutions offered in emerging markets;
- Our general reputation and events impacting that reputation;
- The services and related pricing offered by our competitors; including increasing the availability and efficacy of free solutions;
- Increases in costs we incur and may pass on to our customers in order to offer our products or services;
- Disruption by new services or changes in law or regulations that impact the need for or efficacy of our products and services;
- Changes in auto-renewal and other consumer protection regulations;
- Our customers' dissatisfaction with our efforts to market additional products and services;
- Our customer service and responsiveness to the needs of our customers;
- Changes in our target customers' spending levels as a result of general economic conditions, inflationary pressures or other factors; and
- The quality and efficacy of our third-party partners who assist us in renewing customers' subscriptions.

Declining customer retention rates could cause our revenue to grow more slowly than expected or decline, and our operating results, gross margins and business will be harmed. In addition, our ability to generate revenue and maintain or improve our results of operations partly depends on our ability to cross-sell our solutions to our existing customers and to convert existing non-paying customers to paying customers and add new customers. We may not be successful in cross selling our solutions because our customers may find our additional solutions unnecessary or unattractive. Our failure to sell additional solutions to our existing customers, failure to convert existing non-paying customers to paying customers or add new customers could adversely affect our ability to grow our business.

An important part of our growth strategy involves continued investment in direct marketing efforts, indirect partner distribution channels, expanding partner relationships, freemium channels, our sales force, and infrastructure to add new customers. The number and rate at which new customers purchase our products and services depends on a number of factors, including those

outside of our control, such as customers' perceived need for our solutions and products, competition, general economic conditions, market transitions, product obsolescence, technological change, public awareness of security threats to IT systems, macroeconomic conditions, and other factors. New customers, if any, may subscribe or renew their subscriptions, or utilize our products and solutions, at lower rates than we have experienced in the past, introducing uncertainty about their economic attractiveness and potentially impacting our financial results.

Additionally, there are inherent challenges in measuring the usage of our products and solutions across our brands, platforms, regions, and internal systems, and therefore, calculation methodologies for direct customer counts may differ, which may impact our ability to measure the addition of new customers and our understanding of certain details of our business. The methodologies used to measure these metrics require judgment and are also susceptible to algorithms or other technical errors. From time to time, we review our metrics and may discover inaccuracies or make adjustments to improve their accuracy, which can result in adjustments to our historical metrics. Our ability to recalculate our historical metrics may be impacted by data limitations or other factors that require us to apply different methodologies for such adjustments. If investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, and our results of operations and financial condition could be adversely affected.

We may need to change our pricing models to compete successfully.

The intense competition and evolving general and economic business conditions (including rising government debt levels, potential government policy shifts, changing U.S. consumer spending patterns, economic volatility, fluctuating tariff rates, trade wars, and high inflation and interest rates, among other things), may require us to change our pricing practices.

If our competitors offer deep discounts on certain solutions, provide offerings, or offer free introductory products that compete with ours, we may experience pricing pressure and may be unable to retain current customers and clients or attract new customers and clients at consistent prices within our operating budget. To compete effectively, we may need to lower prices, offer promotional or freemium products, or otherwise change our pricing models. Conversely, if we increase prices in response to economic conditions, cost pressures or strategic considerations, we may experience reduced customer acquisition and retention. Any such pricing changes could reduce revenue, margins and profitability.

Additionally, our solutions are discretionary purchases, and customers may reduce or eliminate their discretionary spending during periods of economic uncertainty, inflation, elevated interest rates, trade disruptions or other macroeconomic stress. We have experienced and may continue to experience a material increase in cancellations by customers or reduced retention during such periods.

Many of Avira's and Avast's users are freemium subscribers, meaning they do not pay for its basic services, and our growth strategy for their respective products depends upon attracting and converting Avira's and Avast's freemium users to a paid subscription option. Numerous factors, however, have previously and may continue to impede our ability to attract and retain free users, convert these users into paying customers and retain them as paying customers.

If we fail to manage our sales and distribution channels effectively, if our partners choose not to market and sell our solutions to their customers, or if we have an adverse change in our relationships with key third-party partners, service providers or vendors, our operating results could be materially and adversely affected.

A significant portion of our revenue is generated through indirect sales and distribution channels, including distributors, resellers, telecom service providers and strategic partners that bundle or incorporate our products into their offerings. In our MoneyLion business specifically, we also depend on channel partners that provide access to consumers – such as news sites, content publishers, product comparison sites and financial institutions – and on product partners that offer financial products through our marketplace platform.

Our channel and partner agreements are generally nonexclusive, impose no minimum sales or marketing commitments and may be terminated or renegotiated at any time, potentially on less favorable terms. Many of our partners frequently offer competing products or services and may prioritize those offerings based on pricing, promotional support, incentives, economics or strategic considerations.

Sales and revenues generated through indirect channels are subject to general economic conditions, competitive dynamics, changes in partner strategy and performance and partner financial health. For example, in our MoneyLion business, our success depends in part on the delivery of qualified consumer lead inquiries and conversions to completed transactions for various financial products to product partners. However, the failure of our marketplace platform to effectively connect and match consumers from our channel partners with product offerings from our product partners in a manner that results in converted customers and increased revenue for such product partners could cause product partners to cease spending marketing funds on our marketplace platform, which could have a material adverse impact on our ability to maintain or increase our marketplace revenue. Any reduction in partner sales efforts, termination of key relationships, delays in payment, adverse changes in commercial terms or other adverse channel developments could materially and adversely affect our revenue, margins and operating results.

In addition, the success of our business and our ability to engage and retain customers in our platform are dependent in part on our ability to produce or acquire popular content, which in turn depends on our ability to retain content creators and rights to content for our platform. We may in the future incur increasing revenue-sharing costs to compensate content creators for producing original content.

We have limited control over our partners' business practices, and any misconduct, regulatory or legal noncompliance, financial distress, reputational harm or failure to perform involving a partner could negatively affect our brand, customer

relationships and operations. If a partner fails to perform its obligations or comply with applicable requirements, our operations and financial results could be negatively impacted.

Consolidation among retailers, online platforms, financial institutions or other distribution intermediaries may increase their negotiating leverage, reduce available distribution channels for us and negatively affect pricing and margins. In our MoneyLion business, changes in product partners' underwriting standards, marketing budgets, financial condition or strategic priorities could reduce the availability of financial products on our platform, decrease marketing and advertising revenue, delay payments or otherwise negatively affect our results.

In general, any changes in these relationships or loss of these partners or vendors, any failure of them to perform their obligations in a timely manner or at all or if they were to cease to provide such functions for any reason, could degrade the functionality of our platform, materially and adversely affect usage of our products and services, impose additional costs or requirements or disadvantage us compared to our competitors. We also rely on relationships with third-party partners to obtain and maintain customers, and our ability to acquire new customers could be materially harmed if we are unable to enter into or maintain these relationships on terms that are commercially reasonable to us, or at all.

Finally, if we fail to manage our sales and distribution channels successfully, these channels may conflict with one another or otherwise fail to perform as we anticipate, which could reduce our sales and increase our expenses as well as weaken our competitive position.

Changes in industry structure and market conditions have and may continue to lead to charges related to discontinuance of certain products or businesses and asset impairments.

In response to changes in industry structure and market conditions, we have been and may continue to be required to strategically reallocate our resources and consider restructuring, disposing of, or otherwise exiting certain businesses. Any decision to limit investment in or dispose of or otherwise exit businesses has and may continue to result in the recording of special charges, such as technology-related write-offs, workforce reduction costs, charges relating to consolidation of excess facilities, or claims from third parties who were resellers or users of discontinued products. Our estimates with respect to the useful life or ultimate recoverability of our carrying basis of assets, including purchased intangible assets, could change as a result of such assessments and decisions. Our loss contingencies have and may continue to include liabilities for contracts that we cannot cancel, reschedule or adjust with suppliers.

Further, our estimates relating to the liabilities for excess facilities are affected by changes in real estate market conditions. Additionally, we are required to evaluate goodwill impairment on an annual basis and between annual evaluations in certain circumstances. Goodwill impairment evaluations have previously and may result in a charge to earnings.

RISKS RELATED TO OUR OPERATIONS

Our international operations involve risks that could increase our expenses, adversely affect our operating results and require increased time and attention from management.

We derive a significant portion of our revenues from customers located outside of the United States, and we have substantial operations outside of the United States, including engineering, finance, sales and customer support. Our international operations are subject to risks in addition to those faced by our domestic operations, including:

- Difficulties staffing, managing, and coordinating the activities of our geographically dispersed and culturally diverse operations;
- Potential loss of proprietary information due to misappropriation or laws that may be less protective of our intellectual property rights than U.S. laws or that may not be adequately enforced;
- Requirements of foreign laws and other governmental controls, including tariffs, trade barriers and labor restrictions, and related laws that reduce the flexibility of our business operations;
- Fluctuations in currency exchange rates, economic instability and inflationary conditions could make our solutions more expensive or could increase our costs of doing business in certain countries;
- Changes in trade relations arising from policy initiatives or other political factors;
- Regulations or restrictions on the use, import or export of encryption technologies that could delay or prevent the acceptance and use of encryption products and public networks for secure communications;
- Regulations or restrictions regarding the collection, processing, sharing, transfer, portability, security and storage of consumer data (including personal information), including privacy and data protection laws;
- Local business and cultural factors that differ from our normal standards and practices, including business practices that we are prohibited from engaging in by the Foreign Corrupt Practices Act and other anti-corruption laws and regulations;
- Central bank and other restrictions on our ability to repatriate cash from our international subsidiaries or to exchange cash in international subsidiaries into cash available for use in the United States;
- Limitations on future growth or inability to maintain current levels of revenues from international sales if we do not invest sufficiently in our international operations;
- Difficulties in staffing, managing and operating our international operations;

- Costs and delays associated with developing software and providing support in multiple languages;
- Political, social or economic unrest, war, terrorism, regional natural disasters, or export controls and trade restrictions, particularly in areas in which we have facilities and in areas where our engineering and technical development teams are based; and
- Multiple and possibly overlapping tax regimes, which may increase our tax exposure and compliance burden.

The expansion of our existing international operations and entry into additional international markets has required and will continue to require significant management attention and financial resources. These increased costs may increase our cost of acquiring international customers, which may delay our ability to achieve profitability or reduce our profitability in the future. We also have and may continue to face pressure to lower our prices in order to compete in emerging markets, which has previously and could in the future adversely affect revenue derived from our international operations.

It is not possible to predict the broader consequences of existing geopolitical conflicts and other conflicts that may arise in the future, which could include geopolitical instability and uncertainty; adverse impacts on global and regional economic conditions and financial markets, including significant volatility in credit, capital, and currency markets; reduced economic activity; changes in laws and regulations affecting our business, including further sanctions or counter-sanctions which may be enacted; and increased cybersecurity threats and concerns. The ultimate extent to which such conflicts may negatively impact our business, financial condition and results of operations will depend on future developments, which are highly uncertain, difficult to predict and subject to change.

Our future success depends on our ability to attract and retain personnel in a competitive marketplace.

Our future success depends upon our ability to recruit and retain key management, technical (including cyber security and AI experts), sales, marketing, e-commerce, finance and other personnel. Our officers and other key personnel are “at will” employees and we generally do not have employment or non-compete agreements with our employees. Competition is significant for people with the specific skills that we require, including in the areas of AI and machine learning, and especially in the locations where we have a substantial presence and need for such personnel.

To attract and retain talent, we must provide competitive pay packages, including cash and equity-based compensation. Volatility in our stock price may adversely affect the perceived value of our equity compensation and limitations on shares reserved under our equity compensation plans could impair our efforts to attract, retain and motivate necessary personnel. Additionally, changes in immigration laws could impair our ability to attract and retain highly qualified employees. If we are unable to hire and retain qualified employees, or conversely, if we fail to manage employee performance or reduce staffing levels when required by market conditions, our business and operating results could be adversely affected.

We have experienced, and may in the future experience, departures of key personnel, including significant changes to our executive leadership team. The loss of any key employee or the failure to effectively manage succession planning and knowledge transfer could disrupt our operations, including adversely affecting the timeliness of product releases, delaying product development, impairing execution of strategic company initiatives, expending resources to train new hires, or adversely affecting our internal control over financial reporting and our results of operations. If we are unable to attract, retain, motivate and appropriately manage qualified employees, or adjust staffing levels in response to changing business conditions, our business, financial condition, results of operations and future growth prospects could be adversely affected.

If we fail to offer high-quality customer support, our customer satisfaction may suffer and have a negative impact on our business and reputation.

Many of our customers rely on our customer support services to resolve issues, including technical support, billing and subscription issues, that may arise. If demand increases, or our resources decrease, we may be unable to offer the level of support our customers expect. Any failure by us to maintain the expected level of support could reduce customer satisfaction and negatively impact our customer retention and our business.

If the information provided to us by customers or other third parties is incorrect or fraudulent, we may misjudge a customer’s qualifications to receive our products and services and our results of operations may be harmed and could subject us to regulatory scrutiny or penalties.

Our decisions to provide many of our products and services to customers are based partly on information that they provide to us or authorize us to receive from third party sources. To the extent that these customers or third parties provide information to us in a manner that we are unable to verify or if such information is incorrect or fraudulent, our decisioning process may not accurately reflect the associated risk. In addition, data provided by third-party sources, including consumer reporting agencies, is a component of our credit decisions and this data may contain inaccuracies. This may result in the inability to either approve otherwise qualified applicants or reject otherwise unqualified applicants through our platform or accurately analyze credit data, which may adversely impact our business and negatively impact our reputation.

In addition, there is risk of fraudulent activity associated with our business, including as a result of the service providers and other third parties who handle customer information on our behalf. We use identity and fraud prevention tools to analyze data provided by external databases to authenticate the identity of each applicant that signs up for our first-party products and services. However, these checks have failed from time to time and may again fail in the future, and fraud, which may be significant, has and may in the future occur. The level of fraud-related charge-offs on the first-party products and services facilitated through our platform could be adversely affected if fraudulent activity were to significantly increase. We may not be able to recoup funds associated with our first-party products and services made in connection with inaccurate statements,

omissions of fact or fraud, in which case our revenue, results of operations, profitability and cash flows will be harmed. High profile fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negative publicity and the erosion of trust from our customers, which could negatively impact our results of operations, brand and reputation, and require us to take steps to reduce fraud risk, which could increase our costs.

Our solutions, systems, websites and the data on these sources have been and may continue to be subject to cybersecurity events that could materially harm our reputation and future sales.

Information security risks in the financial technology services industry in particular are significant, in part because of new technologies, the increasing digitalization to conduct financial and other business transactions and the increased sophistication and activities of organized criminals, perpetrators of fraud, hackers, terrorists and other malicious third parties. Well-publicized attacks or breaches affecting companies in the financial services industry, including large-scale attacks by foreign nation state actors and a significant uptick in ransomware/extortion attacks at other companies, have heightened customer and regulatory scrutiny and concern, causing customers to lose trust in the security of the industry in general and resulting in reduced use of our services and increased costs, all of which could have a material adverse effect on our business.

Given the digital nature of our platform, we are an attractive target for attacks designed to impede the performance and availability of our offerings, compromise sensitive information and harm our reputation as a leading cyber security company. In addition, we face the risk of cyberattacks by nation-states and state-sponsored actors, which may increase due to geopolitical tensions. These attacks may target us, our partners, suppliers, vendors or customers. Malicious hackers, state-sponsored actors, insiders and third-party service providers have attempted to penetrate, and in some cases succeeded in penetrating, our networks or those of our vendors. Such attempts are increasing in number and in technical sophistication, including through the use of AI, and have in the past and could in the future expose us and the affected parties, to risk of loss or misuse of proprietary, personal or confidential information or disruptions of our business operations. Additionally, deployment of agentic AI with access to our systems, data, and third-party tools creates an expanded surface for cyberattacks, as threat actors may exploit inadequate controls to manipulate agents into executing unauthorized actions, accessing sensitive information, or initiating malicious transactions, and the autonomous nature of these systems may enable attackers to conduct multi-step attacks that evade traditional security controls before detection occurs.

When a data breach occurs, our information technology systems and infrastructure can be subject to damage, compromise, disruption, and shutdown due to attacks or breaches by hackers or other circumstances, such as error or malfeasance by employees or third-party service providers, phishing, social engineering, account takeovers, vulnerability exploitation, misconfigurations, ransomware, or technology malfunction. A data breach may result in significant legal, financial, and reputational harm, including government inquiries, enforcement actions, litigation (including class actions), and negative publicity. A series of breaches may be determined to be material at a later date in the aggregate, even if they may not be material individually at the time of their occurrence. The occurrence of any of these events, as well as a failure to promptly remedy them when they occur, could compromise our systems and the information stored in our systems and may cause us to lose consumer trust. Any such circumstance could adversely affect our ability to attract and maintain customers as well as strategic partners, cause us to suffer negative publicity or damage to our brand, and subject us to legal claims and liabilities or regulatory penalties. In addition, unauthorized parties might alter information in our databases, which would adversely affect both the reliability of that information and our ability to market and perform our services as well as undermine our ability to remain compliant with relevant laws and regulations.

Techniques used to obtain unauthorized access or to sabotage systems change frequently, are constantly evolving and generally are difficult to recognize and react to effectively, and are increasingly becoming more sophisticated and harder to detect due to the use of “deepfakes”, voice imitation technology and other AI tools. Despite our efforts, we are not always able to anticipate these techniques or to implement adequate or timely preventive or reactive measures. We and our third-party service providers have experienced and may continue to experience such incidents, particularly as we integrate legacy IT infrastructure and systems. Threat actors have previously and could in the future exploit a new vulnerability before we complete our remediation work or identify a vulnerability that we did not effectively remediate. If that happens, there could be unauthorized access to, or acquisition of, data we maintain, and damage to our systems. Our evolving IT environment, including embracing new ways of sharing data and communicating and increasing our internal use of Gen AI, may introduce new attack vectors, and our policies and controls may not keep pace with emerging threats or regulatory requirements.

Finally, the software upon which we rely may contain undetected technical errors or bugs, which may only be discovered after the code has been released for external or internal use. Technical errors or other design defects within the software upon which we rely may result in a negative experience for customers, clients or third-party partners and issues in our provision of our products and services or their functionality, failure to accurately predict or evaluate the suitability of new and existing customers for our products and services, failure to comply with applicable laws and regulations, failure to detect fraudulent activity on our platform, delayed introductions of new features or enhancements or failure to protect consumer data, our intellectual property or other sensitive data or proprietary information. Any technical errors, bugs or defects discovered in the software upon which we rely could result in harm to our reputation, loss of customers, clients or third-party partners, increased regulatory scrutiny, fines or penalties, loss of revenue or liability for damages, any of which could adversely affect our business, financial condition, results of operations and cash flows.

We collect, use, disclose, store or otherwise process personal information and other sensitive data, which is subject to stringent and changing state and federal laws and regulations.

In the operation of our business, particularly in relation to our identity and information protection service and financial wellness offerings, we collect, use, process, store, transmit or disclose (collectively, process) an increasingly large amount of confidential information, including personal information (which includes credit card information and other critical data) from employees and customers in multiple jurisdictions. This information is subject to a rapidly evolving and increasingly complex framework of federal, state and foreign privacy, data protection and data security laws, as well as contractual obligations.

At the federal level, the Gramm-Leach-Bliley Act (the GLBA) (along with its implementing regulations) requires disclosures to consumers about our handling of their nonpublic personal information and provides consumers with certain rights to restrict information sharing. Additionally, our investment adviser and broker-dealer subsidiaries are subject to SEC Regulation S-P, which mandates policies and procedures designed to safeguard customer information.

At the state level, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (CCPA), and similar comprehensive privacy laws enacted in multiple other U.S. states, provide consumers with rights to access, correct, delete and restrict the use, sale or sharing of their personal information and impose disclosure, governance and data protection obligations on covered businesses. These state laws provide civil penalties for violations, as well as private rights of action for certain data breaches. Additional states continue to enact comprehensive privacy legislation, creating a fragmented and evolving compliance environment that increases operational complexity and costs.

Additionally, the Federal Trade Commission (the FTC) and many state attorneys general, are interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination, and security of data. The burdens imposed by the new state privacy laws and other similar laws that may be enacted at the federal and state level may require us to modify our data processing practices and policies, adapt our goods and services and incur substantial expenditures in order to comply. Any failure or perceived failure by us to comply with such obligations has previously and may in the future result in governmental enforcement actions, fines, litigation (including class actions) or public statements against us by consumer advocacy groups or others and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business.

We process personal data relating to individuals in the European Economic Area or the United Kingdom and are subject to the EU General Data Protection Regulation (GDPR) and the UK GDPR, which impose significant compliance obligations, restrict cross-border data transfers and authorize substantial administrative fines for noncompliance. Global privacy and data protection legislation and enforcement are rapidly expanding and evolving, and, in some jurisdictions, may impose data localization laws or cross-border transfer restrictions, which may require us to expand our data storage facilities there or build new ones in order to comply. The expenditure this would require, as well as costs of compliance generally, could harm our financial condition. Additionally, changes to applicable privacy or data security laws could impact how we process personal information and therefore limit the effectiveness of our solutions or our ability to develop new solutions.

Because the interpretation and application of many privacy and data protection laws is uncertain, it is possible that these laws may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our products and services and platform capabilities. If so, in addition to the possibility of fines, lawsuits, regulatory investigations, government actions, consumer and merchant actions, and other claims, we could be required to fundamentally change our business activities and practices or modify our platform, which could have an adverse effect on our business. Any violations or perceived violations of these laws, rules and regulations by us, or any third parties with which we do business, may require us to change our business practices or operational structure, including limiting our activities in certain states and/or jurisdictions, addressing legal claims by governmental entities or private actors, sustaining monetary penalties, sustaining reputational damage, expending substantial costs, time and other resources and/or sustaining other harms to our business. Furthermore, our online, external-facing privacy policy and website make certain statements regarding our privacy, information security and data security practices with regard to information collected from our consumers or visitors to our website. Failure or perceived failure to adhere to such practices may result in regulatory scrutiny and investigation, complaints by affected consumers or visitors to our website, reputational damage and/or other harm to our business. If either we, or the third-party partners, service providers or vendors with which we share consumer data, are unable to address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and policies, it could result in additional costs and liability to us, damage our reputation, inhibit sales and harm our business, financial condition, results of operations and cash flows. Additionally, there often exists a lack of transparency regarding the sources of data (including personal data) used to train or develop third-party AI technologies or how inputs are converted to outputs, and we may not be able to fully validate this process and its accuracy (particularly where it is part of a complex, multi-step process and inaccurate or incomplete information may be compounded across many steps, such as in agentic AI systems).

Our inability to successfully recover from a disaster or other business continuity event could impair our ability to deliver our products and services and harm our business.

We are heavily reliant on our technology and infrastructure to provide our products and services to our customers. We use third-party service providers and vendors, such as our cloud computing web services providers, account transaction and card processing companies, in the operation of certain of our platforms and source certain information from third-parties. For example, we host many of our products using third-party data center facilities and we do not control the operation of these facilities. These facilities are vulnerable to damage, interference, interruption or performance problems from earthquakes, hurricanes, floods, fires, power loss, telecommunications failures, pandemics and similar events. They are also subject to break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster, an act of terrorism, state-sponsored attacks, a pandemic, geopolitical tensions or armed conflicts, and similar events could result in facility closures

or other unanticipated problems without adequate notice, which in turn, could result in lengthy interruptions in the delivery of our products and services and negatively impact our sales and operating results.

If an arrangement with a third-party service provider or vendor is terminated or if there is a lapse of service or damage to its systems or facilities, we could experience interruptions in our ability to operate our platform. We also may experience increased costs and difficulties in replacing such third-party service provider or vendor, and replacement services may not be available on commercially reasonable terms, on a timely basis, or at all. In the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur.

Furthermore, our business administration, human resources, compliance efforts and finance services depend on the proper functioning of our computer, telecommunication and other related systems and operations, which are highly technical and complex. A disruption or failure of these systems or operations because of a disaster, cyberattack or other business continuity event, such as a pandemic, could cause data to be lost or otherwise delay our ability to complete sales and provide the highest level of service to our customers. In addition, we could have difficulty producing accurate financial statements on a timely basis, and deficiencies may arise in our internal control over financial reporting, which may impact our ability to certify our financial results, all of which could adversely affect the trading value of our stock. There are no assurances that data recovery in the event of a disaster would be effective or occur in an efficient manner. If these systems or their functionality do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

We are dependent upon Broadcom for certain engineering and threat response services, which are critical to many of our products and business.

Our Norton branded endpoint security solution has historically relied upon certain threat analytics software engines and other software (the Engine-Related Services) that have been developed and provided by engineering teams that have transferred to Broadcom as part of the Broadcom sale in 2019. The technology, including source code, at issue is shared, and pursuant to the terms of the Broadcom sale, we retain rights to use, modify, enhance and create derivative works from such technology. Broadcom has committed to provide these Engine-Related Services substantially to the same extent and in substantially the same manner, as has been historically provided under a license agreement with a limited term.

As a result, we are dependent on Broadcom for services and technology that are critical to our business, and if Broadcom fails to deliver these Engine-Related Services it would result in significant business disruption, and our business and operating results and financial condition could be materially and adversely affected. Furthermore, if our current sources become unavailable, and if we are unable to develop or obtain alternatives to integrate or deploy them in time, our ability to compete effectively could be impacted and have a material adverse effect on our business. Additionally, in connection with the Broadcom sale, we lost other capabilities, including certain threat intelligence data which were historically provided by our former Enterprise Security business, the lack of which could have a negative impact on our business and products.

Our solutions are complex and operate in a wide variety of environments, systems and configurations, which could result in failures of our solutions to function as designed.

Because we offer complex solutions, errors, defects, disruptions, or other performance problems with our solutions may occur and have occurred. For example, we may experience disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, fraud, security attacks or capacity constraints due to an overwhelming number of users accessing our websites simultaneously. As we continue to expand the number of our customers and the products and services available through our platform, we may not be able to scale our technology to accommodate the increased capacity requirements. The failure of data centers, internet service providers or other third-party service providers or vendors to meet our capacity requirements could result in interruptions or delays in access to our platform or impede our ability to grow our business and scale our operations.

In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Interruptions in our solutions could impact our revenues, prevent our customers from accessing their accounts, damage our reputation with current and potential customers, expose us to liability, cause us to lose customers, cause the loss of critical data or personal information, prevent us from supporting our platform, products or services or processing transactions with our customers or cause us to incur additional expense in arranging for new facilities and support or otherwise harm our business, any of which could have a material and adverse effect on our business, financial condition, results of operations and cash flows in a disaster recovery scenario.

To the extent we use or are dependent on any particular third-party data, technology or software, we may also be harmed if such data, technology, or software becomes non-compliant with existing regulations or industry standards, becomes subject to third-party claims of intellectual property infringement, misappropriation or other violation, or malfunctions or functions in a way we did not anticipate. Any loss of the right to use any of this data, technology or software could result in delays in the provisioning of our products and services until equivalent or replacement data, technology or software is either developed by us, or, if available, is identified, obtained and integrated, and there is no guarantee that we would be successful in developing, identifying, obtaining or integrating equivalent or similar data, technology or software, which could result in the loss or limiting of our products or services or features available in our products or services.

Negative publicity regarding our brand, solutions and business could harm our competitive position.

Our brand recognition and reputation as a trusted service provider are critical aspects of our business and key to retaining existing customers and attracting new customers. Our business could be harmed due to errors, defects, disruptions or other performance problems with our solutions causing our customers and potential customers to believe our solutions are unreliable.

We may introduce, or make changes to, features, products, services, privacy practices or terms of service that customers and clients do not like, which may materially and adversely affect our brand. Our efforts to build our brand have involved significant expense, and our marketing spend may increase in the near term or in the future and may not generate or maintain brand awareness or increase revenue.

Furthermore, negative publicity, whether or not justified, including intentional brand misappropriation, relating to events or activities attributed to us, our employees, our strategic partners, our affiliates, or others associated with any of these parties, may tarnish our reputation and reduce the value of our brands. Damage to our reputation and loss of brand equity may reduce demand for our solutions and have an adverse effect on our business, operating results and financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brands may be costly and time consuming, and such efforts may not ultimately be successful.

Our reputation and/or business could be negatively impacted by sustainability and governance matters and/or our reporting of such matters.

The evolving focus from regulators, customers, certain investors, employees, and other stakeholders concerning sustainability and governance matters and related disclosures, both in the United States and internationally, has resulted in, and is likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting sustainability-related requirements and expectations. Our business is subject to evolving reporting standards, including the recent California legislation, Voluntary Carbon Market Disclosures Act, which includes disclosure requirements relating to voluntary carbon offsets and a wide range of environmental marketing claims, and the Corporate Sustainability Reporting Directive, which requires large EU companies to make detailed disclosures in relation to certain sustainability-related issues. We maintain certain sustainability-related initiatives, goals, and/or commitments. If we fail to achieve progress with respect to our sustainability-related initiatives, goals or commitments on a timely and cost-efficient basis, or at all, or if our sustainability-related data, processes and reporting are incomplete or inaccurate, our reputation, business, financial performance and growth could be adversely affected. Additionally, changing federal enforcement priorities and legal interpretations regarding diversity, equity, and inclusion programs present unknown and evolving risks.

We are affected by seasonality, which has in the past and may in the future impact our revenue and results of operations.

Portions of our business are impacted by seasonality. Seasonal behavior in orders has historically occurred in the third and fourth quarters of our fiscal year, which include the important selling periods during the holidays in our third quarter, as well as follow-on holiday purchases and the U.S. tax filing season, which is typically in our fourth quarter. Revenue generally reflects similar seasonal patterns, but to a lesser extent than orders. This is due to our subscription business model, as a large portion of our in-period revenue is recognized ratably from our deferred revenue balance. An unexpected decrease in sales over those traditionally high-volume selling periods may impact our revenue and could have a disproportionate effect on our results of operations for the entire fiscal year.

RISKS RELATED TO LEGAL AND COMPLIANCE

Our solutions are highly regulated, which could impede our ability to market and provide our solutions, increase regulatory scrutiny or adversely affect our business, financial position, results of operations and cash flows.

Our solutions are subject to a high degree of regulation, including a wide variety of international and U.S. federal, state, and local laws and regulations, such as the Fair Credit Reporting Act, the GLBA, the Consumer Financial Protection Act, the Federal Trade Commission Act (the FTC Act), and comparable state laws that are patterned after the FTC Act, the U.S. Foreign Corrupt Practices Act of 1977, U.S. domestic bribery laws, U.S. consumer protection, consumer financial services and banking laws, and U.S. and foreign anti-corruption laws.

We provide, facilitate or market consumer financial products and services, and in certain cases act as a service provider to regulated financial institutions. Therefore, we are subject to the supervisory, regulatory and enforcement authority of federal and state agencies, including the Consumer Financial Protection Bureau (CFPB), the FTC, state banking and consumer finance regulators and state attorneys general. These authorities may exercise authority with respect to our services, or the marketing and servicing of those services, through the oversight of our financial institution partners and suppliers, or by otherwise exercising their supervisory, regulatory or enforcement authority over consumer financial products and services. The regulatory frameworks applicable to our business continue to evolve, including with respect to earned wage access, lending, banking, digital financial services and related activities. If, for example, the CFPB were to expand its supervisory authority by promulgating new regulations or reinterpreting existing regulations, it is possible that the CFPB could be permitted to conduct periodic examination of our business, which may increase our risk of regulatory or enforcement actions.

We maintain a compliance program designed to enable us to comply with all applicable anti-money laundering, anti-terrorism financing and economic sanctions laws and regulations, including the Bank Secrecy Act (BSA), as amended by the USA PATRIOT Act of 2001, and its implementing regulations. This compliance program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering and terrorist financing and prevent our platform from being used to facilitate business in countries or with persons or entities that are the subject of sanctions administered by Office of Foreign Assets Control and equivalent international authorities or that are otherwise the

target of sanctions. These controls include procedures and processes to detect and report potentially suspicious transactions, perform customer due diligence, respond to requests from law enforcement and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. Certain of our subsidiaries may be “financial institutions” under the BSA that are required to establish and maintain a BSA/AML compliance program. Additionally, we are required to maintain a BSA/AML compliance program under our agreements with our third-party partners, and certain state regulatory agencies have intimated they expect such program to be in place and followed.

Additionally, we are regulated by many state regulatory agencies through licensing and other supervisory or enforcement authority, which includes regular examination by state governmental authorities. For a more detailed description of licensing, see “-- If we fail to operate in compliance with state or local licensing requirements, it could adversely affect our business, financial condition, results of operations and cash flows.”

Our wholly-owned subsidiary, ML Wealth, is registered as an investment adviser under the Investment Advisers Act of 1940 (the Advisers Act) and is subject to regulation by the SEC. The Advisers Act, together with related regulations and interpretations of the SEC, impose numerous obligations and restrictions on investment advisers, including requirements relating to the safekeeping of client funds and securities, limitations on advertising, disclosure and reporting obligations, prohibitions on fraudulent activities, restrictions on agency cross and principal transactions between an adviser and its advisory clients and other detailed operating requirements, as well as general fiduciary obligations.

U.S. federal regulators, state attorneys general or other state enforcement authorities and other governmental agencies have in the past and may in the future take formal or informal actions against us, which could cause reputational and financial harm to our business, financial condition, results of operations and cash flows. These formal and informal actions may involve inquiries, subpoenas, exams, pending investigations, enforcement matters and litigation by state and federal regulators, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action or force us to adopt new compliance programs or policies, remove personnel including senior executives, provide remediation or refunds to customers, or undertake other changes to our business operations, such as limits or prohibitions of our ability to offer certain products and services, or suspension or revocation of one or more of our licenses. Any weaknesses in our compliance management system may also subject us to penalties or enforcement action by the CFPB or state regulators. We have in the past, and may again in the future, enter into settlements, consent decrees and similar arrangements with the FTC, the CFPB, state attorneys general and other state regulators, and other sovereign regulators and competition authorities such as the United Kingdom’s Competition and Markets Authority (CMA). In addition, certain products we offer, including loans or advance products facilitated through our platform, could be rendered void or unenforceable in whole or in part, which could adversely affect our business, financial condition, results of operations and cash flows. If we fail to manage our legal and regulatory risk in the jurisdictions in which we operate, our business could suffer, our reputation could be harmed and we would be subject to additional legal and regulatory risks. This could, in turn, increase the size and number of claims and damages asserted against us and/or subject us to regulatory investigations, enforcement actions or other proceedings, or lead to increased regulatory concerns. We may also be required to spend additional time and resources on remedial measures and conducting inquiries, beyond those already initiated and ongoing, which could have an adverse effect on our business. Additionally, the highly regulated environment in which our third-party financial institution partners operate may subject us to regulation, which could have an adverse effect on our business, financial condition, results of operations and cash flows. We rely on bank partners, payment processors and other institutions with licensures we do not have to facilitate offerings.

For a discussion of specific legal and regulatory proceedings, inquiries and investigations to which we are currently subject, see Note 15 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

The legal and regulatory regimes governing certain of our products and services are uncertain and evolving.

Changes in the laws, regulations and enforcement priorities applicable to our business, including reexamination of current enforcement practices, could have a material and adverse impact on our business, financial condition, results of operations and cash flows. For example, the CFPB may adopt new model disclosures and regulations governing consumer financial services, including regulations defining unfair, deceptive or abusive acts or practices, and they could also issue advisory opinions or other similar soft tools to complement its rulemaking authority that could subject us to new or differing legal and regulatory requirements, which could materially and adversely affect our business. The CFPB’s authority to change or interpret regulations adopted in the past by other regulators, or to rescind or alter past regulatory guidance, could increase our compliance costs and litigation exposure. If the CFPB or other similar regulatory bodies adopt, or customer advocacy groups are able to generate widespread support for, positions that are detrimental to our business, then our business, financial condition and results of operations could be harmed. We and/or our third-party partners may not be able to respond quickly or effectively to regulatory, legislative and other developments.

In particular, the regulatory landscape regarding earned wage access products (including our Instacash product) is uncertain and evolving given rapid growth in the use of such products in recent years. State and federal regulators have in the past and may in the future launch inquiries, reviews or similar investigations or issue new, or change or interpret, regulations or rules relating to earned wage access products, which could result in additional compliance requirements and other risks relating to our current and past business activities as described herein, including with respect to whether such products constitute extensions of credit, fee disclosures, tipping practices, or other consumer protection considerations. These developments may not only result in additional compliance requirements but may also be cited by private plaintiffs or plaintiffs’ attorneys as a basis for litigation, including putative class actions, alleging violations of federal or state consumer protection, lending, or unfair or deceptive acts or practices laws. Additionally, proposals to change the statutes affecting financial services companies are frequently introduced in Congress and state legislatures that, if enacted, could affect our operating environment in substantial and unpredictable ways

and may further increase the risk of private litigation or enforcement. We cannot determine with any degree of certainty whether any such legislative or regulatory proposals will be enacted and, if enacted, the ultimate impact that any such potential legislation or implemented regulations, or any such potential regulatory actions by federal or state regulators, would have upon our business or our operating environment. As a result, we could be forced, as we have in the past, to temporarily pause, limit or permanently cease to offer our earned wage access product in certain states depending on state regulatory regimes. These changes and uncertainties make our business planning more difficult and could result in changes to our business model, impair our ability to offer our existing or planned features, products and services or increase our cost of doing business.

We cannot determine with any degree of certainty whether any legislative or regulatory changes will be enacted and, if enacted, the ultimate impact that any such potential legislation or implemented regulations, or any such potential regulatory actions by federal or state regulators, would have upon our business or our operating environment. These changes and uncertainties make our business planning more difficult and could result in changes to our business model, impair our ability to offer our existing or planned features, products and services or increase our cost of doing business.

In addition, numerous federal and state regulators have the authority to promulgate or change regulations that could have a similar effect on our third-party partners and service providers and restrict their business practices. New laws, regulations, rules, guidance and policies could require us to incur significant expenses to ensure compliance, adversely impact our profitability, limit our ability to continue existing or pursue new business activities, require us to change certain of our business practices or alter our relationships with customers, affect retention of key personnel or expose us to additional costs (including customer remediation). For example, the regulatory frameworks for an open banking paradigm and AI and machine learning technology are evolving and remain uncertain and may affect the operation of our platform and the way in which we use consumer data, AI and machine learning technology, including with respect to consumer protection laws and the laws and regulations governing financial services products. For additional information regarding risks related to the use of AI, see "*--Issues in the development and deployment of AI, including generative AI, could expose us to regulatory, privacy, IP, cybersecurity, operational and reputational risks.*"

If we fail to operate in compliance with state or local licensing requirements, it could adversely affect our business, financial condition, results of operations and cash flows.

Certain states and localities have adopted laws regulating and requiring licensing, registration, notice filing or other approval by parties that engage in certain activity regarding consumer financial services products such as loans and earned wage access services, life insurance and mortgage transactions, as well as brokering, facilitating and assisting such transactions in certain circumstances, and we currently hold certain state or local licenses. However, the application of some licensing laws to our platform and activities is uncertain and subject to evolving regulatory interpretations including, in particular, as the regulatory landscape regarding earned wage access products develops, as well as increased licensing requirements and regulation of parties engaged in loan solicitation activities.

If we were found to be in violation of applicable state licensing requirements by a court or a state, federal or local enforcement agency, or agree to resolve such concerns by voluntary agreement, we could be subject to or agree to pay fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), criminal penalties and other penalties or consequences.

If we expand or modify our business activities, we may be required to obtain additional licenses, and regulators may determine that such licenses were required at an earlier time, potentially resulting in penalties or restrictions. In addition, states that currently impose limited regulation may adopt new licensing or regulatory requirements, including with respect to earned wage access or loan solicitation activities. We may not be able to obtain or maintain all required licenses on acceptable terms, or at all, which could require us to limit or discontinue certain activities. The failure to satisfy those and other regulatory requirements could materially and adversely impact our business.

Certain states may also impose licensing requirements relating to blockchain technologies and digital assets. Although we are not directly involved in the custody, trading or exchange of digital assets and instead rely on a third-party provider, regulatory frameworks governing digital assets continue to evolve and may subject us to additional licensing or compliance obligations.

Because we do not custody digital assets directly and do not maintain insurance covering such assets—and our third-party provider does not maintain separate insurance coverage for customer digital assets—customers transacting in digital assets through our platform may suffer uninsured losses with limited recourse. Any regulatory action, licensing deficiency or customer losses associated with digital asset activities could result in enforcement actions, litigation, reputational harm and adverse impacts on our business.

If loans made by our lending subsidiaries in our consumer lending business are found to violate applicable federal or state interest rate limits or other provisions of applicable consumer lending, consumer protection or other laws, it could adversely affect our business, financial condition, results of operations and cash flows.

In our consumer lending business, we have 34 subsidiaries through which we conduct our consumer lending business. These entities originate loans pursuant to state licenses or applicable exemptions under state law. The loans we originate are subject to state licensing or exemption requirements and federal and state interest rate restrictions, as well as numerous federal and state requirements regarding consumer protection, interest rate, disclosure, prohibitions on certain activities and loan term lengths. We have in the past been, are currently, and may in the future be subject to litigation, investigations, examinations and other proceedings by governmental agencies or private parties relating to the legality of certain lending products or related compliance with applicable laws. If the loans we originate were deemed subject to and in violation of certain federal or state consumer finance or other laws, including the Military Lending Act, we could be subject to fines, damages, injunctive relief (including

required modification or discontinuation of our business in certain areas) and other penalties or consequences, and the loans could be rendered void or unenforceable in whole or in part, any of which could have an adverse effect on our business, financial condition, results of operations and cash flows.

If we do not protect our proprietary information and prevent third parties from making unauthorized use of our products and technology, our financial results could be harmed.

Much of our software and underlying technology is proprietary, and thus we are highly dependent on our ability to protect such technology. There is no guarantee that confidentiality agreements, our procedures and copyright, patent, trademark and trade secret laws will be sufficient to protect our technology. For example, patents may not be issued from our pending patent applications and claims allowed on any future issued patents may not be sufficiently broad to protect our technology. Also, these protections may not preclude competitors from independently developing products with functionality or features similar to our products. These measures afford only limited protection, are costly to maintain and may be challenged, invalidated or circumvented by third parties. Accordingly, enforcement of our intellectual property rights may be difficult, particularly in some countries outside of North America in which we seek to market our software products and services, and the absence of internationally harmonized intellectual property laws or the lack of some laws in certain jurisdictions makes it more difficult to ensure consistent protection of our proprietary rights. For example, software piracy has been, and is expected to be, a persistent problem for the software industry, and a loss of revenue to us.

Unauthorized third parties, including our competitors, may reverse engineer, access, obtain, distribute, sell or use the proprietary aspects of our technology, processes, products, information or services without our permission, thereby impeding our ability to promote our platform and possibly leading to customer confusion. Third parties have previously and may in the future also develop similar or superior technology independently by designing around our patents. Our consumer agreements do not require a signature and therefore may be unenforceable under the laws of some jurisdictions. Any legal action to protect proprietary information that we may bring or be engaged in with a strategic partner or vendor could adversely affect our ability to access software, operating system and hardware platforms of such partner or vendor, or cause such partner or vendor to choose not to offer our products to their customers. In addition, any legal action to protect proprietary information that we may bring or be engaged in, could be costly, may distract management from day-to-day operations and may lead to additional claims against us, which could adversely affect our operating results.

In addition to registered intellectual property rights such as trademark registrations, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information, know-how and technical information. The secrecy of such trade secrets and other sensitive information could be compromised, which could cause us to lose the competitive advantage resulting from these trade secrets. For example, there is a risk of employees inadvertently inputting trade secret information into Gen AI technologies, thereby enabling third parties, including our competitors, to access such information. We utilize confidentiality and intellectual property assignment agreements with our employees and contractors involved in the development of material intellectual property for us, which require such individuals to assign such intellectual property to us and place restrictions on the employees' and contractors' use and disclosure of our confidential information. However, these agreements may not be self-executing, and we cannot guarantee that we have entered into such agreements containing obligations of confidentiality with each party that has or may have had access to proprietary information, know-how or trade secrets owned or held by us. Additionally, our contractual arrangements may be insufficient, breached or may otherwise not effectively prevent disclosure of, or control access to, our confidential or otherwise proprietary information or provide an adequate remedy in the event of an unauthorized disclosure, which could cause us to lose any competitive advantage resulting from this intellectual property. Individuals that were involved in the development of intellectual property for us or who had access to our intellectual property may make adverse ownership claims to our current and future intellectual property. Likewise, to the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting works of authorship, know-how and inventions.

The measures we have put in place may not prevent misappropriation, infringement or other violation of our intellectual property, proprietary rights or information, and any resulting loss of competitive advantage, and we may be required to litigate to protect our intellectual property or other proprietary rights or information from misappropriation, infringement or other violation by others, which is time-consuming and expensive, could cause a diversion of resources and may not be successful. Additionally, our efforts to enforce our intellectual property and other proprietary rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property and other proprietary rights, and if such defenses, counterclaims or countersuits are successful, it could diminish, or we could otherwise lose, valuable intellectual property and other proprietary rights. Any of the foregoing could adversely impact our business, financial condition, results of operations and cash flows.

In addition, the integration of Gen AI may also expose us to risks regarding intellectual property ownership and license rights, particularly if any copyrighted material is embedded in training models or if the output we produce is infringing intellectual property rights. In addition, the use of Gen AI in connection with the creation or development of intellectual property may present challenges in asserting ownership over the resulting output given the position of some courts and intellectual property offices in various jurisdictions that some human contribution is required for intellectual property protection of an AI-generated work.

From time to time, we are party to lawsuits and investigations, which have previously and could in the future require significant management time and attention, cause us to incur significant legal expenses and prevent us from selling our products.

From time to time, we are involved in litigation, investigations, examinations and other legal or administrative proceedings initiated by governmental agencies or private parties. These matters may involve, among other things, labor and employment, discrimination and harassment, commercial disputes, class actions, general contract and tort claims, defamation, data privacy rights, antitrust, fraud, securities (including “blue sky” laws) violations, consumer protection laws, and other regulatory or compliance issues. Such matters may adversely affect our business, financial condition, results of operations and cash flows. Refer to Note 15 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Due to the consumer-oriented nature of a significant portion of our business and the application of certain laws and regulations, we and other industry participants are regularly named as defendants in litigation alleging violations of federal and state laws and regulations and consumer law torts, including fraud. Many of these legal proceedings involve alleged violations of consumer protection laws. In addition, we have in the past and may in the future be subject to litigation, claims, examinations, investigations, legal and administrative cases and proceedings related to our loan products and other financial services we provide. For instance, our membership model and some of the products and services we offer, including our earned wage access product, Instacash, are relatively novel and have been and may in the future continue to be subject to regulatory scrutiny or interest and/or litigation. Any regulatory action in the future could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The defense, settlement or resolution of legal proceedings may be costly and divert management’s attention from the day-to-day operations of our business. Proceedings may evolve over time, increasing their scope or potential exposure. An unfavorable outcome in a matter could result in significant fines, settlements, monetary damages, or injunctive relief that could negatively and materially impact our ability to conduct our business, results of operations and cash flows. Additionally, in the event we did not previously accrue for such litigation or proceeding in our financial statements, we may be required to record retrospective accruals that adversely affect our results of operations and financial condition.

Finally, we may not be able to maintain insurance coverage on acceptable terms, or at all, and our insurance may not cover all risks or potential liabilities. Any uninsured or underinsured loss could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Third parties have claimed and additional third parties in the future may claim that we infringe their proprietary rights.

Third parties have claimed and additional third parties may claim in the future that we have infringed their intellectual property rights, including claims regarding patents, copyrights and trademarks. For additional information on such claims, please refer to Note 15 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Because of constant technological change in the segments in which we compete, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents, it is possible that the number of these claims may grow. In addition, former employers of our former, current or future employees may assert claims that such employees have improperly disclosed to us confidential or proprietary information of these former employers. Any such claim, with or without merit, could result in costly litigation, management distraction and reputational harm. If we are not successful in defending such claims, we could be required to stop selling, delay shipments of, or redesign our solutions, pay monetary amounts as damages, enter into royalty or licensing arrangements, or satisfy indemnification obligations that we have with some of our partners. We cannot assure you that any royalty or licensing arrangements that we may seek in such circumstances will be available to us on commercially reasonable terms or at all.

We license and use software from third parties in our business and generally must rely on those third parties to protect the licensed rights and avoid infringement. Such licenses may terminate, expire or become unavailable on acceptable terms, and licensed technology may become obsolete, defective or incompatible with future versions of our offerings. Failure to comply with license terms could result in termination of rights, damages or operational disruption. If we are unable to obtain or maintain necessary third-party licenses, or if licensors impose more restrictive terms or higher fees or royalties, we may be required to modify our products, obtain alternative technology, incur increased costs or limit certain offerings. Furthermore, incorporating intellectual property or proprietary rights in our products or services licensed from or otherwise made available to us by third parties on a non-exclusive basis could limit our ability to protect the intellectual property and proprietary rights in our products and services and our ability to restrict third parties from developing, selling or otherwise providing similar or competitive technology using the same third-party intellectual property or proprietary rights.

Some of our products contain “open source” software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.

Certain of our products are distributed with software licensed by its authors or other third parties under so-called “open source” licenses. Some of these licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software (which could include our proprietary source code or AI models) if we combine our proprietary software with open source software in a certain manner. Some open source software may include Gen AI software which may expose us to risks as the intellectual property ownership and license rights, including copyright, of Gen AI software and tools has not been fully interpreted by U.S. courts or been fully addressed by federal, state, or international regulations. In addition to risks related to license requirements, using open source software, including open source software that incorporates or relies on Gen AI, can lead to greater risks than use of third-

party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. We cannot be sure that all open source, including open source that incorporates or relies on Gen AI, is submitted for approval prior to use in our products. In addition, many of the risks associated with usage of open source, including open source that incorporates or relies on Gen AI, may not or cannot be eliminated and could, if not properly addressed, negatively affect our business.

These claims could result in litigation and if portions of our proprietary AI models or software are determined to be subject to an open-source license, or if the license terms for the open-source software that we incorporate change, we could be required to publicly release all or affected portions of our source code, purchase a costly license, cease offering the implicated products or services unless and until we can re-engineer such source code in a manner that avoids infringement, discontinue or delay the provision of our offerings if re-engineering could not be accomplished on a timely basis or change our business activities, any of which could negatively affect our business operations and potentially our intellectual property rights and help third parties, including our competitors, develop products and services that are similar to or better than ours. In addition, the re-engineering process could require us to expend significant additional research and development resources, and we may not be able to complete the re-engineering process successfully. If we were required to publicly disclose any portion of our proprietary models, it is possible we could lose the benefit of trade secret protection for our models. Use of open-source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open-source software. Any of these risks associated with the use of open-source software could be difficult to eliminate or manage and, if not addressed, could materially and adversely affect our business, financial condition, results of operations and cash flows.

RISKS RELATED TO OUR LIQUIDITY AND INDEBTEDNESS

Our substantial indebtedness and related debt obligations could limit our financial and operating flexibility and increase our vulnerability to adverse business and economic conditions.

As of July 3, 2026, we had an aggregate of \$8,230 million of outstanding indebtedness that will mature in calendar years 2027 through 2033, and \$1,495 million, net of our letters of credit, available for borrowing under our revolving credit facility. See Note 8 of the Notes to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further information on our outstanding debt. Our ability to meet expenses, comply with the covenants and the springing maturity provisions under our debt instruments, pay interest and repay principal for our substantial level of indebtedness depends on, among other things, our operating performance, competitive developments, and financial market conditions, all of which are significantly affected by financial, business, economic and other factors. We are not able to control many of these factors. Accordingly, our cash flow may not be sufficient to allow us to pay principal and interest on our debt, including our 6.75% Senior Notes due 2027, 7.125% Senior Notes due 2030 and 6.25% Senior Notes due 2033 (collectively, the Senior Notes), and meet our other obligations. Our level of indebtedness could have other important consequences, including the following:

- We must use a substantial portion of our cash flow from operations to pay interest and principal on the Amended Credit Agreement, our existing Senior Notes, and other indebtedness, which reduces funds available to us for other purposes such as working capital, capital expenditures, other general corporate purposes and potential acquisitions;
- We may be unable to refinance our indebtedness or to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes;
- We have significant exposure to fluctuations in interest rates because borrowings under our senior secured credit facilities bear interest at variable rates;
- Our leverage may be greater than that of some of our competitors, which may put us at a competitive disadvantage and reduce our flexibility in responding to current and changing industry and financial market conditions;
- We may be more vulnerable to an economic downturn or recession and adverse developments in our business;
- We may be unable to comply with financial and other covenants in our debt agreements, which could result in an event of default that, if not cured or waived, may result in acceleration of certain of our debt and would have an adverse effect on our business and prospects and could force us into bankruptcy or liquidation; and
- Changes by any rating agency to our outlook or credit rating could negatively affect the value of our debt and/or our common stock, adversely affect our access to debt markets and increase the interest we pay on outstanding or future debt.

There can be no assurance that we will be able to manage any of these risks successfully. In addition, we conduct a significant portion of our operations through our subsidiaries. Accordingly, repayment of our indebtedness will be dependent in part on the generation of cash flow by our subsidiaries and their respective abilities to make such cash available to us by dividend, debt repayment or otherwise, which may not always be possible. If we do not receive distributions from our subsidiaries, we may be unable to make the required principal and interest payments on our indebtedness.

Our Amended Credit Agreement imposes operating and financial restrictions on us.

Our Amended Credit Agreement contains covenants that limit our ability and the ability of our restricted subsidiaries to:

- Incur additional debt;
- Create liens on certain assets to secure debt;

- Enter into certain sale and leaseback transactions;
- Pay dividends on or make other distributions in respect of our capital stock or make other restricted payments; and
- Consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

These covenants may adversely affect our ability to finance our operations, meet or otherwise address our capital needs, pursue business opportunities, react to market conditions or may otherwise restrict activities or business plans. A breach of any of these covenants could result in a default. If a default occurs, the relevant lenders could declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and, to the extent such indebtedness is secured, proceed against any collateral securing that indebtedness.

The failure of financial institutions or transactional counterparties could adversely affect our current and projected business operations and our financial condition and results of operations.

We regularly maintain cash balances with other financial institutions in excess of the FDIC insurance limit. A failure of a depository institution to return deposits could result in a loss or impact access to our invested cash or cash equivalents and could adversely impact our operating liquidity and financial performance.

Additionally, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages, impair the ability of companies to access near-term working capital needs, and create additional market and economic uncertainty. Our general business strategy, including our ability to access existing debt under the terms of our Amended Credit Agreement may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly, more onerous with respect to financial and operating covenants and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our operations, growth strategy, financial performance and stock price and could require us to alter our operating plans.

We rely on a variety of funding sources to support our business model. If our existing funding arrangements are not renewed or replaced or our existing funding sources are unwilling or unable to provide funding to us on terms acceptable to us, or at all, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.

To support the origination of loans, earned wage advances and other receivables on our platform and the growth of our business, we must maintain a variety of funding arrangements. We cannot guarantee that we will be able to extend or replace our existing funding arrangements at maturity on reasonable terms or at all. For example, disruptions in the credit markets or other factors, such as the high inflation and interest rate environment in calendar years 2024, 2025, and to date in 2026, could adversely affect the availability, diversity, cost and terms of our funding arrangements. In addition, our funding sources may reassess their exposure to our industry or our business, including as a result of any significant underperformance of the consumer receivables facilitated through our platform or regulatory developments, in particular regarding earned wage access products, that impose significant requirements on, or increase potential risks and liabilities related to, the consumer receivables facilitated through our platform, and fail to renew or extend facilities or impose higher costs to access our funding. If our existing funding arrangements are not renewed or replaced or our existing funding sources are unwilling or unable to provide funding on terms acceptable to us, or at all, we would need to secure additional sources of funding or reduce our operations significantly, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

GENERAL RISKS

Adverse macroeconomic conditions have adversely affected and may continue to adversely affect the consumer finance industry and our MoneyLion business.

We operate globally and as a result our business and revenues are impacted by global macroeconomic conditions. Although inflation has moderated from recent peak levels in certain markets, it remains elevated in many regions, and interest rates in the United States and other jurisdictions remain at historically elevated levels compared to the prior decade. Central banks may maintain higher interest rates for an extended period or adjust monetary policy in response to evolving economic conditions. Prolonged periods of elevated interest rates, volatility in financial markets, tightening credit conditions, uncertainty regarding the path of monetary policy, or renewed inflationary pressures have increased, and may continue to increase, our cost of capital and financing expenses. For example, elevated interest rates previously resulted in an increase in our cost of debt. These factors, together with geopolitical instability, armed conflicts, trade tensions, fluctuating tariff rates and policies, and risks of recession or economic slowdown, have had and may continue to have a material adverse effect on our business, financial condition, results of operations and cash flows.

In addition, adverse macroeconomic conditions may cause our MoneyLion product partners to reduce or delay their marketing and advertising expenditures on our platform, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Uncertainty and negative trends in general economic conditions, including significant tightening of credit markets, historically have created a difficult operating environment for the consumer finance industry. The timing and extent of an economic downturn may also require us to change, postpone or cancel our strategic initiatives or growth plans to pursue shorter-term sustainability. The longer and more severe an economic downturn, the greater the potential adverse impact on us, which could be material.

Many new customers on our MoneyLion platform have limited or no credit history and limited financial resources. Accordingly, such customers have historically been, and may in the future become, disproportionately affected by adverse macroeconomic conditions. Sustained high levels of unemployment or financial stress due to the global macroeconomic conditions, including elevated interest rates and inflation, may increase delinquencies, defaults, non-payments, foreclosures and bankruptcies with respect to our loans and earned wage access products and may reduce customer engagement with our investment and other financial services. If we are unable to adjust our operations effectively in response to rising unemployment or deteriorating credit conditions, or if we cannot accurately assess borrower creditworthiness or ability to pay for loans, earned wage advances or other MoneyLion products and services, our business, financial condition, results of operations and cash flows could be adversely affected.

Fluctuations in our quarterly financial results have affected the trading price of our stock in the past and could affect the trading price of our stock in the future.

Our quarterly financial results have fluctuated in the past and are likely to vary in the future due to a number of factors, many of which are outside of our control. If our quarterly financial results or our predictions of future financial results fail to meet our expectations or the expectations of securities analysts and investors, the trading price of our outstanding securities could be negatively affected. Volatility in our quarterly financial results may make it more difficult for us to raise capital in the future or pursue acquisitions.

Factors associated with our industry, the operation of our business, and the markets for our solutions may cause our quarterly financial results to fluctuate, including but not limited to:

- Fluctuations in demand for our solutions;
- Disruptions in our business operations or target markets caused by, among other things, terrorism or other intentional acts, outbreaks of disease, or earthquakes, floods or other natural disasters;
- Entry of new competition into our markets;
- Technological changes in our markets;
- Our ability to achieve targeted operating income and margins and revenues;
- Competitive pricing pressure or free offerings that compete with one or more of our solutions;
- Our ability to timely complete the release of new or enhanced versions of our solutions;
- The amount and timing of commencement and termination of major marketing campaigns;
- The number, severity and timing of threat outbreaks and cyber security incidents;
- Loss of customers or strategic partners or the inability to acquire new customers or cross-sell our solutions;
- Changes in the mix or type of solutions and subscriptions sold and changes in consumer retention rates;
- The rate of adoption of new technologies and new releases of operating systems, and new business processes;
- Consumer confidence and spending changes;
- The outcome or impact of litigation, claims, disputes, regulatory inquiries or investigations;
- The impact of acquisitions (and our ability to achieve expected synergies or attendant cost savings), divestitures, restructurings, share repurchase, financings, debt repayments, equity investments and other investment activities;
- Changes in U.S. and worldwide economic conditions, such as economic recessions, the impact of inflation, fluctuations in foreign currency exchange rates including the weakening of foreign currencies relative to USD, which has and may in the future negatively affect our revenue expressed in USD, changes in interest rates, geopolitical conflicts and other global macroeconomic factors on our operations and financial performance;
- The publication of unfavorable or inaccurate research reports about our business by cybersecurity industry analysts;
- The success of our sustainability initiatives;
- Changes in tax laws, rules and regulations;
- Changes in tax rates, benefits and expenses; and
- Changes in consumer protection laws and regulations.

Any of the foregoing factors could cause the trading price of our outstanding securities to fluctuate significantly.

We may be required to issue shares under our contingent value rights agreement.

In connection with the MoneyLion acquisition, we entered into a Contingent Value Rights Agreement dated April 17, 2025 (the “CVR Agreement”) governing the terms of the CVRs. Each CVR entitles its holder to receive \$23.00 in shares of common stock, par value \$0.01 per share, of Gen Digital (CVR Consideration) if, on any date prior to the second anniversary of the closing, (i) the Average VWAP (as defined in the CVR Agreement) of our common stock for 30 consecutive trading days is equal to or greater than \$37.50 (subject to certain adjustments) or (ii) we undergo a change of control (each, a “CVR Requirement” and collectively the “CVR Requirements”). To the extent neither of the CVR Requirements are met, the CVR holders would not be

entitled to receive the CVR Consideration. To the extent we are required to issue shares to the CVR holders under the CVR Agreement, our stockholders may be diluted.

RISKS RELATED TO TAXES

Changes to our effective tax rate, including through the adoption of new tax legislation or exposure to additional income tax liabilities, could increase our income tax expense and reduce (increase) our net income (loss), cash flows and working capital. In addition, audits by tax authorities could result in additional tax payments for prior periods.

We are a multinational company dual headquartered in the U.S. and the Czech Republic, with our principal executive offices in Tempe, Arizona. As such, we are subject to tax in multiple U.S. and international tax jurisdictions. Our effective tax rate could be adversely affected by several factors, many of which are outside of our control, including:

- Changes to the U.S. federal income tax laws, including forthcoming regulations implementing the One Big Beautiful Bill Act and other changes to the way that our U.S. tax liability is calculated. Such changes could result in significant retroactive adjustments adding cash tax payments/liabilities if adopted;
- Changes to other tax laws, regulations, and interpretations thereof in multiple jurisdictions in which we operate. The Organisation for Economic Co-operation and Development ("OECD") has proposed certain tax reforms, which, among other things, (1) shift taxing rights to the jurisdiction of the consumer ("Pillar One") and (2) establish a global minimum tax rate of 15% for multinational companies ("Pillar Two"). Ireland, Czech Republic and certain jurisdictions in which we operate have enacted legislation to implement Pillar Two and other countries are actively considering changes to their tax laws to adopt certain parts of the OECD's proposals. Additionally, on June 28, 2025, the G7 released a joint statement that it had reached an understanding with the United States for a side-by-side system based on certain accepted principles, including that U.S.-parented groups would be exempt from certain provisions of Pillar Two. Furthermore, several countries have proposed or adopted digital services taxes on revenue earned by multinational companies from the provision of certain digital services, regardless of physical presence;
- Changes in the relative proportions of revenues and income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- Changes in the valuation of deferred tax assets and liabilities and the discovery of new information in the course of our tax return preparation process;
- The ultimate determination of our taxes owed in any of these jurisdictions is for an amount in excess of the tax provision we have recorded or reserved for;
- The tax effects of, and tax planning and changes in tax rates related to significant infrequently occurring events (including acquisitions, divestitures and restructurings) that may cause fluctuations between reporting periods;
- Tax assessments, or any related tax interest or penalties, that could significantly affect our income tax expense for the period in which the settlements take place; and
- Taxes arising in connection with changes in our workforce, corporate and legal entity structure or operations as they relate to tax incentives and tax rates.

We continue to assess the overall impact of these potential changes as developments occur and will reflect the impact of such changes in future financial statements as appropriate.

From time to time, we receive notices that a tax authority in a particular jurisdiction believes that we owe a greater amount of tax than we have reported to such authority and we are consequently subject to tax audits. These audits can involve complex issues, which may require an extended period of time to resolve and can be highly judgmental. Additionally, our ability to recognize the financial statement benefit of tax refund claims is subject to change based on a number of factors, including but not limited to, changes in facts and circumstances, changes in tax laws, correspondence with tax authorities, and the results of tax audits and related proceedings, which may take several years or more to resolve. We ultimately sometimes have to engage in litigation to achieve the results reflected in our tax estimates, and such litigation can be time consuming and expensive. If the ultimate determination of our taxes owed in any of these jurisdictions is for an amount in excess of the tax provision we have recorded or reserved for, our operating results, cash flows, and financial condition could be materially and adversely affected.

Our corporate and legal entity structure and intercompany arrangements are subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which would harm our results of operations.

We generally conduct our international operations through wholly-owned subsidiaries and are or may be required to report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The amount of taxes we pay in different jurisdictions may depend on a variety of factors including the application of the tax laws of those various jurisdictions (including the U.S.) to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies, and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The relevant taxing authorities have in the past and may in the future disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchase of equity securities

Stock repurchases during the three months ended July 3, 2026 were as follows:

(In millions, except per share data)	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽²⁾
April 4, 2026 to May 1, 2026	—	\$ —	—	\$ 2,094
May 2, 2026 to May 29, 2026	2	\$ 24.56	2	\$ 2,035
May 30, 2026 to July 3, 2026	2	\$ 26.87	2	\$ 1,994
Total number of shares repurchased	4		4	

(1) The number of shares repurchased is reported on trade date.

(2) Under our stock repurchase program, shares may be repurchased on the open market and through accelerated stock repurchase transactions. As of July 3, 2026, we have \$1,994 million remaining authorized to be completed in future periods with no expiration date.

Item 5. Other Information

Insider adoption or termination of trading arrangements

During the fiscal quarter ended July 3, 2026, none of our directors or officers informed us of the adoption or termination of a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as defined in Regulation S-K, Item 408, except as described in the table below:

Name	Title	Action	Date	Trading Arrangement		Total Shares to be Sold	Expiration Date ⁽³⁾
				Rule 10b5-1 ⁽¹⁾	Non-Rule 10b5-1 ⁽²⁾		
Bryan Ko	Chief Operating Officer, Chief Legal Officer and Secretary	Adopt	June 5, 2026	X		Up to 108,100 shares	September 15, 2027

(1) Intended to satisfy the affirmative defense of Rule 10b5-1(c).

(2) Non-Rule 10b5-1 trading arrangement as defined in Item 408 of Regulation S-K.

(3) Except as indicated by footnote, each trading arrangement permitted or permits transactions through and including the earlier of (i) the completion of all purchases or sales; (ii) the date listed in the table; or (iii) such date the arrangement is otherwise terminated according to its terms.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/ Furnished with this 10-Q
		Form	File Number	Exhibit	File Date	
10.01	Master Receivables Purchase Agreement, dated as of June 30, 2024, by and among Sound Point Capital Management, LP, SP Main Street Funding I LLC, the additional purchasers from time to time party thereto, and ML Plus LLC, as amended through May 28, 2026.					X
31.01	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.02	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.01†	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.02†	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101	The following financial information from Gen Digital Inc.'s Quarterly Report on Form 10-Q for the quarter ended July 3, 2026 is formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Stockholders' Equity (Deficit), (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

* Indicates a management contract or compensatory plan or arrangement.

† This exhibit is being furnished rather than filed, and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GEN DIGITAL INC.
(Registrant)

By: /s/ Vincent Pilette

Vincent Pilette
Chief Executive Officer, President and Chairman of the Board

By: /s/ Natalie Derse

Natalie Derse
Chief Financial Officer

August 7, 2026